

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

Date of Closing: August 18, 1986

BOND TRANSCRIPT

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TOWN OF ALDERSON
SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B

BOND ORDINANCE

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TOWN OF ALDERSON

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF ALDERSON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF ALDERSON:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any order, ordinance or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. The Town of Alderson (the "Issuer") is a municipal corporation of the State of West Virginia in Greenbrier, Monroe and Summers Counties of said State.

B. The Issuer presently owns and operates a municipal sewerage system and has undertaken the acquisition and construction of certain additions, extensions and improvements therefor (the "Project") which constitute properties for the treatment and

collection of liquid or solid wastes, sewage or industrial wastes (the existing system, together with the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$3,550,562.68, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The Issuer has heretofore issued its Sewerage System Construction Notes, Series 1984, dated March 15, 1984 (the "Notes"), in the aggregate principal amount of \$2,600,000 pursuant to a bond and notes ordinance enacted February 9, 1984, supplemented by supplemental resolutions adopted March 8 and March 16, 1984 (collectively, the "Prior Ordinance"), to finance costs of construction and acquisition of the Project pending receipt of certain grant moneys and issuance of the within-described Bonds. The Issuer has encountered construction difficulties with respect to the Project and has not received certain EPA Grant proceeds as quickly and in the amounts anticipated, which requires that the Issuer borrow the sum of not to exceed \$800,000 to pay (i) certain additional Costs of the Project, (ii) that portion of the principal of the Notes not payable from Grant Receipts, investment earnings and other sources, and (iii) costs of issuance of the Bonds.

D. In addition to the Notes, there is an Outstanding obligation of the Issuer which will rank prior to the Bonds (as hereinafter defined) as to lien on and source of and security for payment, being the Issuer's \$228,000 Sewer Revenue Bond, Series 1983, dated October 14, 1983 (the "1983 Bond") issued pursuant to an ordinance of the Issuer enacted September 22, 1983 (the "1983 Ordinance").

E. The estimated revenues to be derived in each year after the enactment hereof from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the 1983 Bonds and the Bonds and all Sinking Fund, Reserve Account and other payments provided for herein, and in the 1983 Ordinance.

F. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$800,000 in two series, being the Series 1986 A Bonds in the aggregate principal amount of not more than \$600,000 and the Series 1986 B Bonds in the aggregate principal amount of not more than \$200,000 (collectively, the "Bonds"), to pay, at the maturity thereof, a portion of the Notes representing the Issuer's "local share" of the Costs, additional Costs not otherwise provided for and costs of issuance of the Bonds. Said costs shall be deemed to include the cost of all property rights, easements and franchises

deemed necessary or convenient therefor; interest upon the Notes and the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

G. The period of usefulness of the System after completion of the Project is not less than 40 years.

H. The Issuer has heretofore entered into a loan agreement dated March 24, 1985, between the Issuer and the Authority, whereby the Authority had agreed, subject to the conditions stated therein, to loan to the Issuer a sum not to exceed \$308,099. However, because of the need for local share funding in excess of that approved in such loan agreement, the Issuer hereby determines that it is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a new loan agreement and a supplemental loan agreement, both dated August 13, 1986 (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority. The Loan Agreement shall supercede the previous loan agreement which shall be of no further force or effect.

I. The Sanitary Board of the Issuer has presented a petition to the Issuer for enactment of the Bond Legislation.

J. Upon deposit of proceeds of the Bonds as described herein, there will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment, except the 1983 Bonds. The Series 1986 B Bonds shall be junior and subordinate to the Series 1986 A Bonds, as set forth herein.

K. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, the Bonds of each series to be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"Bondholder," "Holder of the Bonds," "Holder" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all orders, ordinances and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means the Original Bonds and any bonds on a parity therewith authorized to be issued hereunder.

"1983 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original aggregate principal amount of \$228,000.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineers" means Gates Engineering Company, Beckley, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02(F) hereof to be a part of the cost of construction and acquisition of the Project.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the common council of the Issuer, as may hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" means only Grant Receipts on

account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous service.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"HUD Grant" means the grant from the United States Department of Housing and Urban Development pursuant to the grant agreement therefor.

"Indenture" or "Trust Indenture" means the Trust Indenture between the Issuer and the Trustee dated as of March 15, 1984, relating to the Notes and all supplements or amendments thereto.

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" or "City" means the Town of Alderson, in Greenbrier, Monroe and Summers Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer, the Sanitary Board and any other commission, board or department established by the Issuer to operate and maintain the System.

"Loan Agreement" shall mean, collectively, the loan agreement and the supplemental loan agreement, both dated August 13, 1986, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and

the execution and delivery by the Issuer authorized by, this Ordinance.

"Mayor" means the Mayor of the Issuer.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Notes" means the \$2,600,000 in aggregate principal amount of Sewerage System Construction Notes, Series 1984, heretofore issued by the Issuer to pay Costs of Project pending receipt of the Grant Receipts and proceeds of the Bonds.

"1983 Ordinance" means the ordinance of the Issuer enacted September 22, 1983, pursuant to which the 1983 Bonds were issued.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$600,000 in aggregate principal amount of Series 1986 A Bonds and not more than \$200,000 in aggregate principal amount of Series 1986 B Bonds, issued for the purpose of paying a portion of the principal of the Notes, additional Costs of the Project and for such other purposes permitted hereby and authorized by the Bond Legislation.

"Other Grants" means collectively, the HUD Grant, together with any other grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or 1983 Bonds and as of any particular date, describes all Bonds or

1983 Bonds theretofore and thereupon being delivered except (i) any Bond cancelled by the Bond Registrar, at or prior to said date; (ii) any Bond or 1983 Bonds for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder or under the 1983 Ordinance and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof or any 1983 Bond deemed to have been paid as provided in the 1983 Ordinance; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of the additions, extensions and improvements for the Issuer's existing public sewerage system including, but not limited to, mains, pipelines, tanks and pumps and all necessary appurtenances.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the

United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral

therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties; and

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, provided that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments described in paragraphs (a) through (g), above.

"Recorder" means the Recorder of the Issuer.

"Registered Owner," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"Registrar" means the Bond Registrar.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Sanitary Board" means the Sanitary Board of the Issuer heretofore established by an ordinance duly enacted by the Issuer and any successor to the functions thereof.

"Series 1986 A Bonds" or "Series A Bonds" means the not more than \$600,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 A Bonds Reserve Requirement" means the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in any Fiscal Year.

"Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" or "Series B Bonds" means the not more than \$200,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 B Bonds Reserve Requirement" means the maximum amount of principal which will become due on the Series 1986 B Bonds in any Fiscal Year.

"Series 1986 B Bonds Sinking Fund" means the Series 1986 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance, resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Original Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or the 1983 Bonds, including the Renewal and Replacement Fund, the Reserve Accounts and the Reserve Fund and Depreciation Reserve established pursuant to the 1983 Ordinance.

"System" means the complete properties of the Issuer for the collection and transportation of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the existing facilities, the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

"Trustee" means Raleigh County National Bank, the trustee named in the Indenture.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby ratified the construction and acquisition of the Project, at an estimated cost of \$3,550,562, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purpose of paying a portion of the Notes at their maturity, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$800,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than \$600,000, and "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of not more than \$200,000, the exact amount of each Series to be set forth in the Supplemental Resolution, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Proceeds of the Bonds remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall, to the extent necessary to defease the Notes, be deposited in the Notes Debt Service Fund established by Section 4.01 of the Indenture, and thereafter, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding 12% per annum, or such other rate as shall then be the legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Commission, through a Paying Agent or Paying Agents, if any, selected by the original purchaser or purchasers thereof, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of

the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, may be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in

accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the 15 days preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.
In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature,

instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on the Net Revenues securing the 1983 Bond. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the 1983 Bond and the Series 1986 A Bonds. After making all payments required under the 1983 Ordinance, such remaining Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the respective Sinking Funds and the Reserve Accounts therein hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds, respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
SEWER REVENUE BOND, SERIES 1986 A

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation of the State of West Virginia in Greenbrier, Monroe and Summers Counties of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated _____, 1986.

This Bond is issued (i) to refund and pay a portion of the Sewerage System Construction Notes, Series 1984, of the Issuer (the

"Notes") issued to finance part of the costs of acquisition and construction of certain additional sewage collection and transportation facilities (the "Project") for the existing sewerage system of the Issuer (the existing system, together with the Project and any further additions thereto or extensions thereof herein called the "System") pending issuance of this Bond and receipt of certain grant proceeds; (ii) to pay additional costs of acquisition and construction of the Project; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, which were duly enacted and adopted, respectively, by the Issuer on July 31, 1986 and August 14, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$90,762, which Series 1986 B Bonds are junior and subordinate with respect to lien and sources of and security for payment to the Bonds of this series (the "Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) which pledge is junior and subordinate in all respects to the pledge of Net Revenues securing the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original principal amount of \$228,000 (the "1983 Bond") to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the

services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the 1983 Bonds, the Bonds, the Series 1986 B Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will come due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Notes and Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE SERIES 1983 BOND DESCRIBED HEREIN.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF ALDERSON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
SEWER REVENUE BOND, SERIES 1986 B

No. BR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation of the State of West Virginia in Greenbrier, Monroe and Summers Counties of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority and upon the terms and conditions prescribed by and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated August 13, 1986.

This Bond is issued to finance part of the costs of acquisition and construction of certain new sewage collection and transportation facilities (the "Project") for the existing sewerage system of the Issuer (the existing system, together with the Project and any further additions thereto or extensions thereof herein called the "System") and to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, which were duly enacted and adopted,

respectively, by the Issuer on July 31, 1986 and August 14, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Issuer's Sewer Revenue Bond, Series 1983, dated October 14, 1983, issued in the original principal amount of \$228,000 (the "Series 1983 Bond") and the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this Series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the 1986 Series A Bonds, the Series 1983 Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the 1986 Series A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the 1986 Series B Bonds in any fiscal year and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively

as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Notes and the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION AND THE SERIES 1983 BOND DESCRIBED HEREIN.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF ALDERSON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, ____.

In the presence of:

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the forms attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Series 1986 A Bonds Sinking Fund;

Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

- (2) Series 1986 B Bonds Sinking Fund;

Within the Series 1986 B Bonds Sinking Fund the Series 1986 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

- (1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, each month, from the moneys remaining in the Revenue Fund, make the disbursements required to be made in connection with the 1983 Bond, pursuant to Section 3.02B of the 1983 Ordinance.

(3) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of

payment of interest on the Series 1986 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semiannual interest payment date, less any earnings transferred from the Series A Reserve Account and any earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any earnings transferred from the Series A Reserve Account and any earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(5) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit

therein, an amount equal to the Series 1986 A Bonds Reserve Requirement.

(6) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments credited to the Series 1986 A Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiency in the Series 1986 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any earnings transferred from the Series B Reserve Account and any earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds.

(8) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit

therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund and the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the respective Sinking Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and second to the next ensuing principal payments.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds and the Renewal and Replacement Fund have been made in full.

As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Accounts in an amount equal to the maximum provided and required to be paid into the respective Sinking Funds in any Fiscal Year

for account of all the Original Bonds of such series, including such additional Original Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the several Sinking Funds or into the Reserve Accounts therein when the aggregate amount of funds in all such Sinking Funds and said Reserve Accounts are at least equal to the aggregate principal amount of and interest due to maturity on the respective Bonds then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Paying Agent or the Depository Bank, on such dates as the Commission, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

F. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

G. The Gross Revenues of the System shall only be used for purposes of the System.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and, following completion of the Project shall be deposited in the Revenue Fund and may be used for any lawful purpose.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. The amount of Series 1986 A Bonds proceeds, which together with other moneys in the Notes Debt Service Fund established pursuant to the Indenture, is sufficient to pay the entire principal amount of and interest accrued on the Notes at the maturity thereof shall first be deposited with the Trustee in said Notes Debt Service Fund.

B. The remaining Series 1986 A Bonds proceeds, if any, and all proceeds of the Series 1986 B Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Bonds, first for the Series 1986 A Bonds and thereafter for the Series 1986 B Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in qualified investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series A Bonds Reserve Account.

ARTICLE VII

COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, but junior and subordinate to the lien on the Net Revenues securing the 1983 Bond. Payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1983 Bond and the Series 1986 A Bonds, all to the extent necessary to make the payments required under Section 5.03 of this Ordinance. After making all payments required under the 1983 Ordinance, the remaining Net Revenues, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the attendant Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided therein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and

facilities of the System shall be as set forth in the Ordinance of the Issuer enacted April 12, 1984.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds established therefor, and, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal installments of and interest on the Bonds about to mature. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at

prices not greater than the par value thereof plus 3% of such par value or otherwise, shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to both the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Fund, the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the

issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (A) The Bonds then Outstanding;
- (B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding;
- (C) The Parity Bonds then proposed to be issued; and
- (D) Any other obligations secured by or payable from the Net Revenues prior to the Series B Bonds.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate

of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All such Parity Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Parity Bond of one series over any other Parity Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and

source of and security for payment from such revenues, with either the Series 1986 A Bonds or the Series 1986 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds respectively on parity with the Series A Bonds and the Series B Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted on the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

A. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and the status of all said funds and accounts.

C. The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall file said report with the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other Gross Revenues, (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the respective Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other

obligations secured by or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and

regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the water system, if then owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of either system until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily carried with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also

carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$_____ per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(C) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, to the extent authorized by the laws of the State and the rules and regulations of the Public

Service Commission of West Virginia, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held (except for transfers permitted hereunder), and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount. The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code (or any successor provision), and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Paying Agent, Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Bond; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Holders of the Series 1986 B Bonds shall be subject to those of the Holders of the Series 1986 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act,

including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the

Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Series 1986 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance or resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance necessary to enable the interest on the Bonds to be and remain exempt from federal income taxation, and to preserve and maintain such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds.

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders, indentures, or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided, however, that this Section shall not be applicable to the 1983 Ordinance.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.08. Effective Date. This Ordinance shall take effect following public hearing thereon in accordance with the Act.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the Issuer to contain sufficient information as to give notice of the contents hereof, shall be published once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in a newspaper of general circulation in the Town of Alderson, there being no newspaper published in such Town, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Common Council upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Recorder for review by interested parties during the office hours of the Recorder.

At such hearing, all objections and suggestions shall be heard and the Common Council shall take such action as it shall deem proper in the premises.

Passed on First Reading July 10, 1986

Passed on Second Reading July 17, 1986

Effective following public
hearing held on July 31, 1986



Mayor

ATTEST:

By

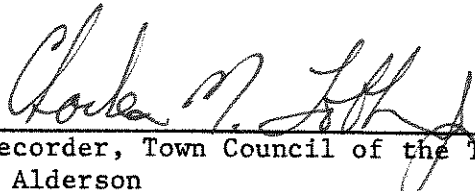


Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the
Town Council of the Town of Alderson on this 31st day of
July, 1986.

[SEAL]



Recorder, Town Council of the Town of
Alderson

08/18/86
ALDTN2-A

"EXHIBIT A"

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B, OF THE TOWN OF ALDERSON; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the common council (the "Governing Body") of the TOWN OF ALDERSON (the "Issuer"), upon petition of the Sanitary Board of the Issuer, has duly and officially enacted an ordinance, effective July 31, 1986 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF ALDERSON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$800,000, to be issued in two series, the Series 1986 A Bonds to be in an aggregate principal

amount of not more than \$600,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than \$200,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series A Bonds dated August 13, 1986, and a supplemental loan agreement relating to the Series B Bonds dated August 13, 1986 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance, it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be entered into by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF ALDERSON:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$490,364. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1987, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise as provided in and otherwise in

compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$90,762. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement dated as of August 18, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint Greenbrier Valley Bank, Lewisburg, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. These shall be no interest capitalized on the Bonds.

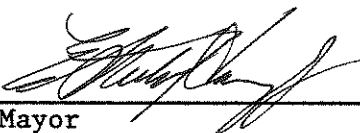
Section 8. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 18, 1986, to the Authority pursuant to the Loan Agreement.

Section 9. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of August, 1986.

TOWN OF ALDERSON



Mayor

08/13/86
ALDTN1-D

RECEIVED

AUG 14 1986

LOAN AGREEMENT

WATER DEVELOPMENT AUTHORITY

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct or is constructing such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

1.6 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.8 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.9 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.10 Additional terms and phrases are defined in this Loan Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Loan or of State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount

and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate, of such person or firm and in form and substance satisfactory to the Authority, to such effect and evidence satisfactory to it of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make

the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

Local Bonds; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official

action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the

revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); and

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit A.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on

Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

Certain Covenants of the Governmental Agency;
Imposition and Collection of User Charges;
Payments To Be Made by
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as

set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount

to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedules X, Y and Z shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all

purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.5 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.6 This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Loan Agreement, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Loan Agreement shall not be binding on the Authority until executed by it.

TOWN OF ALDERSON
[Proper Name of Governmental Agency]

(SEAL)

By

Its

E. H. Hanger Jr.
MAYOR

Attest:

Date:

Aug. 13, 1986

Charles M. Lohr
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By

Edgar H. Henry
Director

Attest:

Date:

Aug. 15, 1986

Daniel B. Yankosky
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to _____
(the "Governmental Agency"), a _____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19__ (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
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The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which

the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond _____ (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

[6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Local Bonds, as provided in the Local Act.]

7. The Local Bonds are, by statute, exempt _____ and under existing statutes and court decisions of the United

States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation.

No opinion is given herein as to the enforceability of remedies with respect to the Local Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

We have examined executed Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

RECEIVED

AUG 14 1986

WDA-Supp. 5
(November 1985)

WATER DEVELOPMENT AUTHORITY

SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct or is constructing such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.3 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Supplemental Bonds.

1.4 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds, as hereinafter defined, pursuant to this Supplemental Loan Agreement.

1.5 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

1.6 Additional terms and phrases are defined in this Supplemental Loan Agreement as they are used.

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Supplemental Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all

reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Supplemental Loan or of State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Supplemental Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate, of such person or firm and in form and substance satisfactory to the Authority, to such effect and evidence satisfactory to it of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental

Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Supplemental Loan shall be secured and shall be repaid in the manner hereinafter provided in this Supplemental Loan Agreement.

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan; Repayment of Supplemental Loan; No Interest on Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and

incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by Local Bond proceeds with respect to the Local Bonds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds and Supplemental Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal or interest on the Supplemental Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs), provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Supplemental Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are

described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

ARTICLE V

Certain Covenants of the Governmental Agency;
Imposition and Collection of User Charges;
Payments To Be Made by
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section

4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render negatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Supplemental Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Supplemental Loan Agreement.

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Supplemental Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Supplemental Loan Agreement, and this Supplemental Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Supplemental Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Supplemental Loan Agreement.

7.6 This Supplemental Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Supplemental Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Supplemental Loan Agreement, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically

enforced or subject to a similar equitable remedy by the Authority.

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of the Supplemental Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

TOWN OF ALDERSON

[Proper Name of Governmental Agency]

(SEAL)

By

Its

Edmund Henry
MAYOR

Attest:

Date:

August 13, 1986

Its

Charles M. Lott
Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By

Director

Edmund M. Henry

Attest:

Date:

Aug. 15 1986

Secretary-Treasurer

Daniel B. Zink

EXHIBIT A

LOAN AGREEMENT

Date:

Principal Amount of Local Bonds:

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to _____
(the "Governmental Agency"), a _____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19__ (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated _____, 19__ (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, as follows:

<u>Year</u>	<u>Installment</u>
-------------	--------------------

The Supplemental Loan Agreement is supplemental to a loan agreement dated _____, _____, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond _____ (the "Local Act") duly enacted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Supplemental Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds [and _____].

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, by statute, exempt

No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

We have examined executed Supplemental Bond numbered SR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

N. 4 / D. A. H.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

RECEIVED

JAN 20 1984

WEST VIRGINIA PUBLIC SERVICE COMMISSION

Entered: January 20, 1984

CASE NO. 83-486-S-CN

TOWN OF ALDERSON, a municipal corporation, Monroe County.

Application for a certificate of convenience and necessity to operate a sewage collection system to outlet sanitary sewage into an existing interceptor line and sewage treatment in the Town of Alderson and Community of Palestine, Greenbrier and Monroe Counties.

RECEIVED

1984 JAN 30 AM 10:32

SAINT ENGINEERING COMPANY

FINAL ORDER

On September 25, 1983, the Town of Alderson, a municipal corporation, Monroe County, filed an application, duly verified, for a certificate of convenience and necessity to construct approximately 47,166 lineal feet of 8-inch sewage collection line, 1,613 lineal feet of 4-inch force main, 238 manholes, 2 lift stations with mobile emergency generator and other incidental construction necessary to complete a sewage collection system to outlet sanitary sewage into an existing interceptor line and sewage treatment plant in the Town of Alderson and Community of Palestine, Greenbrier and Monroe Counties.

FACTS

The proposed sewage collection system for the Town of Alderson consists of approximately 9 miles of sewage collection lines, and two lift stations. Approximately 568 users will be served by the sewage collection system. This number represents the total population of the Town of

Alderson and in addition approximately 80 users directly outside the corporate limits of Alderson. (Application, Engineering Report, p. 3).

The estimated cost of the project is \$2,599,925. Financing for the project is as follows:

Environmental Protection Agency Grant	\$1,439,144
Governor's Partnership Grant	737,981
Customer Contribution in Aid of Construction	28,300
WDA Loan	394,500
TOTAL	<u>\$2,599,925</u>

The Town anticipates that it will require \$130,198 yearly for operation and maintenance expenses, taxes, debt service and for funding the necessary reserve accounts. (Application, Eng. Report, p. 4). Revenues from customers are estimated to be \$137,043 yearly. (Application, Eng. Report, p. 5).

The complete design of the facility was presented. (Application, Ex. A). This application contains the second phase of the sewer project. The first phase included the sewage treatment plant, lift stations and interceptors. The first phase was completed in 1979. Completion of this project will provide the Town with a comprehensive sewage collection system. Presently, 60% of potential users are discharging raw sewage directly into the river through old collection systems, and 40% of users are on septic tanks or the Phase I interceptor system. (Hippchen Memo. November 17, 1983).

The rates proposed by the Applicant are:

Metered Water Users -

First	0 - 3,000 gallons at	\$ 3.60 per 1,000 gallons
Next	7,000 gallons at	3.10 per 1,000 gallons
Next	20,000 gallons at	2.60 per 1,000 gallons
Next	70,000 gallons at	2.10 per 1,000 gallons
Over	100,000 gallons at	1.60 per 1,000 gallons

Sewer service charges shall be based upon the volume of water delivered to the customer's property. This volume is measured by the water meter serving the premises. In cases where a significant volume of the water delivered to the premises is not returned to the sanitary sewer system or

water from another source is discharged to the sanitary sewer system, the customer may request, or the Town may require, special flow measuring devices to properly measure the volume of wastewater entering the sanitary sewer system. Such special flow measuring device shall be furnished, installed and maintained by and at the expense of the customer with the approval of the Town. In some situations suitable formulae may be used to determine wastewater flow in lieu of the special metering devices. Such formulae shall be approved by both the customer and Town and subject to the approval of the West Virginia Public Service Commission.

UNMETERED WATER USERS

Unmetered residential users will be charged a flat rate of \$16.20 per month based upon an estimated consumption of 4,500 gallons per month. The Town may allow a lower flat rate on a case-by-case basis but never less than \$10.80 (3,000 gallons). If it concludes that such lower rate is justified. (Note change in Appendix).

All other unmetered water users must make application to the Town. The Town will decide whether to allow the above flat rate of \$16.20 or whether to require the user to install a meter. Such meter would have to be approved by the Town, and the cost of the meter, installation and maintenance would have to be paid by the user. (Note change in Appendix).

MINIMUM CHARGE

No bill will be rendered for less than \$10.80 (3,000 gallons). (Note change in Appendix).

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten (10) percent will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Non-payment within sixty (60) days from the due date will result in the Town effecting such lag remedies as may be available for the collection of delinquent accounts.

CUSTOMER CONTRIBUTION IN AID OF CONSTRUCTION

A \$50.00 charge will apply to all users who apply for service before sewer line is completed adjacent to Applicant's premises.

After contractor passes the Applicant's premises service connection fee will apply as follows: \$150.00 for 6-inch tap; \$250.00 for 8-inch tap; and \$450.00 for 10-inch tap. (Note change in Appendix).

To apply where an opening must be made by the Town in its collector sewer and a service line laid from such opening to the owner's property line.

DETERMINATION

Notice of the application was given by the Applicant by publication of a legal notice. The notice was published in the West Virginia Daily News on October 24, 1983, a newspaper of general circulation in Greenbrier and Monroe Counties. This is considered substantial compliance with publication requirements because of the circulation of that newspaper in Greenbrier and Monroe Counties. Required certification of publication were provided by the Applicant as required under West Virginia Code §24-2-11. No protest was made to the application. The Hearing Examiner waives formal hearing on the application.

The application was reviewed by the Legal Division, the Engineering Division and the Finance and Special Studies Division of the Commission. The only recommendations were from the Engineering Division. The first recommendation was that the unmetered flat rate be amended to \$12.35 per month. Its review the metered customers indicated that average usage approximated 3,500 gallons per month. Since the flat rate should be equivalent to the metered rate, the recommendation was made to equate the two rates. The Hearing Examiner concurs in that recommendation. The second recommendation was that the three-tiered proposed tap fee be amended to reflect a single tap fee of \$250.00. The Hearing Examiner concurs in that recommendation. Such recommendations are set forth in Appendix A, Schedule of Sewer Rates attached hereto.


From a review of the application and other requested information, it is determined that the sewer collection system is needed, that the system is adequate in design, that the project has necessary financing, and the rates, as amended in Appendix A, are just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing said services as required under West Virginia Code §24-2-4b.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of public convenience and necessity be, and it hereby is, granted to the Town of Alderson, a municipal corporation, Monroe County, to operate a sewage collection system to outlet sanitary sewage into an existing interceptor line and sewage treatment plant in the Town of Alderson and Community of Palestine, Greenbrier and Monroe Counties. Said rates, charges and other tariff provisions set forth in Appendix A, attached hereto, are hereby approved.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Hearing Examiners as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Hearing Examiners to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.


Ann Rodak
Hearing Examiner

TOWN OF ALDERSON
CASE NO. 83-486-S-CN

SEWER RATES

Rate Metered Water Users

First	0	3,000	gallons used per month	\$3.60	per 1,000 gallons
Next		7,000	gallons used per month	3.10	per 1,000 gallons
Next		20,000	gallons used per month	2.60	per 1,000 gallons
Next		70,000	gallons used per month	2.10	per 1,000 gallons
Over		100,000	gallons used per month	1.60	per 1,000 gallons

Sewer service charges shall be based upon the volume of water delivered to the customer's property. This volume is measured by the water meter serving the premises. In cases where a significant volume of the water delivered to the premises is not returned to the sanitary sewer system or water from another source is discharged to the sanitary sewer system, the customer may request, or the Town may require, special flow measuring devices to properly measure the volume of wastewater entering the sanitary sewer system. Such special flow measuring device shall be furnished, installed and maintained by and at the expense of the customer with the approval of the Town. In some situations suitable formulae may be used to determine wastewater flow in lieu of the special metering devices. Such formulae shall be approved by both the customer and Town and subject to the approval of the West Virginia Public Service Commission.

UNMETERED WATER USERS

Unmetered residential users will be charged a flat rate of \$12.35 per month based upon an estimated consumption of 3,500 gallons per month.

All other unmetered water users must make application to the Town. The Town will decide whether to allow the above flat rate of \$12.35 or whether to require the user to install a meter. Such meter would have to be approved by the Town, and the cost of the meter, installation and maintenance would have to be paid by the user.

MINIMUM CHARGE

No bill will be rendered for less than \$12.35 per month (3,500 gallons). *minimum should stay as 10.20*

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten (10) percent will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Non-payment within sixty (60) days from the due date will result in the Town effecting such lag remedies as may be available for the collection of delinquent accounts.

CUSTOMER CONTRIBUTION IN AID OF CONSTRUCTION (A) \$50.00

To apply to all users who apply for service before sewer line is completed adjacent to applicant's premises. After contractor passes the applicant's premises, Service Connection Fee (B) applies.

SERVICE CONNECTION FEE (B)

There will be a fee of \$250.00 for each tap. To apply where an opening must be made by the Town in its collector sewer, and a service line laid from such opening to the owner's property line.

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned, Daniel B. Yonkosky,
Secretary-Treasurer of West Virginia Water Development Authority, for
and on behalf of West Virginia Water Development Authority (the
"Authority") and E. STERLING HANGER, JR., Mayor of the Town of
Alderson (the "Governmental Agency"), hereby certify as follows:

1. On the 18th day of August, 1986, the Authority received the entire original issue of \$581,126 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), issued as a single Bond of each Series, number AR-1 and BR-1, respectively, and both dated August 18, 1986, the Series A Bond being in the principal amount of \$490,364 and the Series B Bond being in the principal amount of \$90,762.

2. At the time of such receipt of the Governmental Agency Bonds upon original issuance, all of the Governmental Agency Bonds had been executed by E. Sterling Hanger, Jr., as Mayor of the Governmental Agency, by his manual signature, and by Charles M. Lobban, Jr., as Recorder of the Governmental Agency, by his manual signature, and the official seal of the Governmental Agency had been affixed upon the Governmental Agency Bonds.

3. The Governmental Agency has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Governmental Agency Bonds, of the proceeds of the Series A Bonds in the amount of \$490,364 (100% of par), there being no interest accrued thereon. Proceeds of the Series B Bonds in the amount of \$90,762 (100% of par) are expected to be received within 30 days of the date thereof. Upon receipt of the proceeds of the Series B Bonds, the Governmental Agency will deliver to the Authority a receipt in substantially the form attached as Exhibit A hereto.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly
signed and delivered this receipt on behalf of WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY and the TOWN OF ALDERSON has caused this
receipt to be executed by its Mayor, as of this 18th day of
August, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky
Its Secretary - Treasurer

TOWN OF ALDERSON

By [Signature]
Mayor

08/13/86
ALDTN1-E

EXHIBIT A

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

RECEIPT FOR SERIES 1986 B BOND PROCEEDS

The undersigned E. STERLING HANGER, JR., Mayor of the Town of Alderson (the "Governmental Agency"), hereby certifies that, on the _____ day of _____, 1986, the Governmental Agency received and hereby acknowledges receipt from the Authority, as the original purchaser of the captioned Bonds, the proceeds thereof in the amount of \$ _____ (100% of par).

IN WITNESS WHEREOF, the TOWN OF ALDERSON has caused this receipt to be executed by its Mayor, as of this _____ day of _____, 1986.

TOWN OF ALDERSON

By _____
Mayor

08/13/86
ALDTN1-F

EXHIBIT A

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

RECEIPT FOR SERIES 1986 B BOND PROCEEDS

The undersigned E. STERLING HANGER, JR., Mayor of the Town of Alderson (the "Governmental Agency"), hereby certifies that, on the _____ day of _____, 1986, the Governmental Agency received and hereby acknowledges receipt from the Authority, as the original purchaser of the captioned Bonds, the proceeds thereof in the amount of \$ _____ (100% of par).

IN WITNESS WHEREOF, the TOWN OF ALDERSON has caused this receipt to be executed by its Mayor, as of this _____ day of _____, 1986.

TOWN OF ALDERSON

By _____
Mayor

08/13/86
ALDTN1-F

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, N.A.
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Alderson Sewer Revenue Bonds, Series 1986 A, dated August 18, 1986, in the principal amount of \$490,364, and Bond No. BR-1, constituting the entire original issue of the Town of Alderson Sewer Revenue Bonds, Series 1986 B, dated August 18, 1986, in the principal amount of \$90,762 (collectively, the "Governmental Agency Bonds") executed by the Mayor and Recorder of the Town of Alderson (the "Governmental Agency") and bearing the official seal of the Governmental Agency, authorized to be issued under and pursuant to a Bond Ordinance and Supplemental Resolution duly adopted by the Governmental Agency (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Governmental Agency Bond issue, duly certified by the Recorder of the Governmental Agency;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated August 13, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement");

(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Governmental Agency Bonds.

You are hereby requested and authorized to deliver the Governmental Agency Bonds to the Authority upon payment to the account of the Governmental Agency of the sum of \$490,364,

representing the agreed purchase price of the Series 1986 A Bonds, there being no accrued interest thereon (proceeds of the Series 1986 B Bonds are expected to be received in approximately 30 days). Prior to such delivery of the Governmental Agency Bonds, you will please cause the Governmental Agency Bonds to be authenticated by an authorized officer, as Governmental Agency Bonds Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 18th day of August, 1986.

TOWN OF ALDERSON

By



Mayor

08/13/86
ALDTN1-G

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
SEWER REVENUE BOND, SERIES 1986 A

No. AR-1

\$490,364

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation of the State of West Virginia in Greenbrier, Monroe and Summers Counties of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR HUNDRED NINETY THOUSAND THREE HUNDRED SIXTY-FOUR DOLLARS (\$490,364), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1987. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated August 13, 1986.

This Bond is issued (i) to refund and pay a portion of the Sewerage System Construction Notes, Series 1984, of the Issuer (the "Notes") issued to finance part of the costs of acquisition and construction of certain additional sewage collection and transportation facilities (the "Project") for the existing sewerage system of the Issuer (the existing system, together with the Project and any further additions thereto or extensions thereof herein called the "System") pending issuance of this Bond and receipt of certain grant proceeds; (ii) to pay additional costs of acquisition and construction of the Project; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, which were duly enacted and adopted, respectively, by the Issuer on July 31, 1986 and August 14, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$90,762, which Series 1986 B Bonds are junior and subordinate with respect to lien and sources of and security for payment to the Bonds of this series (the "Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) which pledge is junior and subordinate in all respects to the pledge of Net Revenues securing the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original principal amount of \$228,000 (the "1983 Bond") to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the

Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the 1983 Bonds, the Bonds, the Series 1986 B Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will come due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Notes and Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE SERIES 1983 BOND DESCRIBED HEREIN.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF ALDERSON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated August 18, 1986.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: August 18, 1986.

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

TABLE II

CITY OF ALDERSON
Analysis of 7.00% Borrowing Cost for Local Issuer

-----1985 Series A Bonds-----				
Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1987	9.75%	1,304.00	53,521.19	54,825.19
1988	9.75%	1,432.00	47,683.35	49,115.35
1989	9.75%	1,571.00	47,543.73	49,114.73
1990	9.75%	1,724.00	47,390.56	49,114.56
1991	9.75%	1,893.00	47,222.47	49,115.47
1992	9.75%	2,077.00	47,037.90	49,114.90
1993	9.75%	2,280.00	46,835.39	49,115.39
1994	9.75%	2,502.00	46,613.09	49,115.09
1995	9.75%	2,746.00	46,369.15	49,115.15
1996	9.75%	3,014.00	46,101.41	49,115.41
1997	9.75%	3,307.00	45,807.55	49,114.55
1998	9.75%	3,630.00	45,485.12	49,115.12
1999	9.75%	3,984.00	45,131.19	49,115.19
2000	9.75%	4,372.00	44,742.75	49,114.75
2001	9.75%	4,798.00	44,316.48	49,114.48
2002	9.75%	5,266.00	43,848.68	49,114.68
2003	9.75%	5,780.00	43,335.24	49,115.24
2004	9.75%	6,343.00	42,771.69	49,114.69
2005	9.75%	6,962.00	42,153.25	49,115.25
2006	9.75%	7,641.00	41,474.45	49,115.45
2007	9.75%	8,385.00	40,729.46	49,114.46
2008	9.75%	9,203.00	39,911.92	49,114.92
2009	9.75%	10,100.00	39,014.63	49,114.63
2010	9.75%	11,085.00	38,029.88	49,114.88
2011	9.75%	12,166.00	36,949.09	49,115.09
2012	9.75%	13,352.00	35,762.90	49,114.90
2013	9.75%	14,654.00	34,461.08	49,115.08
2014	9.75%	16,083.00	33,032.32	49,115.32
2015	9.75%	17,631.00	31,464.23	49,115.23
2016	9.75%	19,372.00	29,743.25	49,115.25
2017	9.75%	21,241.00	27,854.48	49,115.48
2018	9.75%	23,333.00	25,781.54	49,114.54
2019	9.75%	25,608.00	23,506.57	49,114.57
2020	9.75%	28,105.00	21,009.79	49,114.79
2021	9.75%	30,845.00	18,269.55	49,114.55
2022	9.75%	33,853.00	15,262.16	49,115.16
2023	9.75%	37,154.00	11,961.50	49,115.50
2024	9.75%	40,776.00	8,338.98	49,114.98
2025	9.75%	44,752.00	4,363.32	49,115.32
		490,364.00	1,430,831.29	1,921,195.29

Smith Barney, Harris Upham & Co.
Incorporated

August 13, 1986

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

08/18/86
ALDTN1-AA

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ALDERSON
SEWER REVENUE BOND, SERIES 1986 B

No. BR-1

\$90,762

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ALDERSON, a municipal corporation of the State of West Virginia in Greenbrier, Monroe and Summers Counties of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of NINETY THOUSAND SEVEN HUNDRED SIXTY-TWO DOLLARS (\$90,762), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia as paying agent (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority and upon the terms and conditions prescribed by and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated August 13, 1986.

This Bond is issued to finance part of the costs of acquisition and construction of certain new sewage collection and transportation facilities (the "Project") for the existing sewerage system of the Issuer (the existing system, together with the Project and any further additions thereto or extensions thereof herein called the "System") and to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, which were duly enacted and adopted,

respectively, by the Issuer on July 31, 1986 and August 14, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Issuer's Sewer Revenue Bond, Series 1983, dated October 14, 1983, issued in the original principal amount of \$228,000 (the "Series 1983 Bond") and the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this Series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the 1986 Series A Bonds, the Series 1983 Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the 1986 Series A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the 1986 Series B Bonds in any fiscal year and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively

as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Notes and the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION AND THE SERIES 1983 BOND DESCRIBED HEREIN.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF ALDERSON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated August 18, 1986.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: August 18, 1986.

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

TABLE III

CITY OF ALDERSON
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Zero Coupon Bonds
.....
1987	2,327.26
1988	2,327.23
1989	2,327.23
1990	2,327.23
1991	2,327.23
1992	2,327.23
1993	2,327.23
1994	2,327.23
1995	2,327.23
1996	2,327.23
1997	2,327.23
1998	2,327.23
1999	2,327.23
2000	2,327.23
2001	2,327.23
2002	2,327.23
2003	2,327.23
2004	2,327.23
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2007	2,327.23
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2009	2,327.23
2010	2,327.23
2011	2,327.23
2012	2,327.23
2013	2,327.23
2014	2,327.23
2015	2,327.23
2016	2,327.23
2017	2,327.23
2018	2,327.23
2019	2,327.23
2020	2,327.23
2021	2,327.23
2022	2,327.23
2023	2,327.23
2024	2,327.23
2025	2,327.23
.....
	90,762.00

Smith Barney, Harris Upham & Co.
Incorporated

August 13, 1986

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

08/18/86
ALDTN1-BB

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

CHARLESTON

CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE, III
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN
MARTIN R. SMITH, JR.

OF COUNSEL
ROBERT W. LAWSON, JR.
EDWARD W. EARDLEY
EUGENE G. EASON

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE

August 18, 1986

Town of Alderson Sewer Revenue Bonds, Series 1986 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to the Town of Alderson (the "Governmental Agency"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated August 13, 1986, (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated August 18, 1986 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$490,364, originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning April 1, 1987, at the rate of 9.75% per annum, and with principal installments payable on October 1 in each of the years 1987 through 2025, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) refunding a portion of the Sewerage System Construction Notes, Series 1984, of the Governmental Agency (the "Notes") issued to finance part of the costs of acquisition and construction of new sewage collection and transportation

10

facilities (the "Project") pending issuance of the Local Bonds and receipt of certain grant proceeds, (ii) paying additional costs of acquisition and construction of the Project, and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Local Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Local Bonds have been authorized by a bond ordinance and a supplemental resolution (collectively, the "Local Act") duly enacted and adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted and adopted the Local Act and all other necessary ordinances and resolutions in connection with the issuance and sale of the Local Bonds.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, but junior and subordinate only to the lien on such net revenues securing the Governmental Agency's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original principal amount of \$228,000, all in accordance with the terms of the Local Bonds and the Local Act, and the Local Bonds have been duly issued and delivered to the Authority.

6. The Local Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof, and interest on the Local Bonds is exempt from personal income taxes imposed directly thereon by the State of West Virginia. Under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation.

In rendering the foregoing opinion we wish to advise you that we have reviewed the provisions of H.R. 3838, the "Tax Reform Act of 1985," as adopted by the United States House of Representatives on December 17, 1985. H.R. 3838 contains provisions that would impose additional requirements as a condition to the exemption from Federal income taxation of interest on state and local governmental obligations issued after December 31, 1985, and would add as a preference item to be included in calculating alternative minimum taxable income, interest on certain tax-exempt obligations issued after December 31, 1985. On March 14, 1986, a joint statement was issued by Representative Dan Rostenkowski, Chairman of the House Committee on Ways and Means, Senator Robert Packwood, Chairman of the Senate Committee on Finance, Representative John J. Duncan, Ranking Member of the House Committee on Ways and Means, Senator Russell Long, Ranking Member of the Senate Committee on Finance and Secretary of the Treasury James A. Baker, III (the "Joint Statement"). The Joint Statement endorses a postponement, until the earlier of September 1, 1986, or the date of enactment of tax reform legislation, of the effective date of certain of the provisions of H.R. 3838 that could have a material adverse impact on the tax-exempt status of the Bonds. On June 24, 1986, the United States Senate passed its version of H.R. 3838.

While we render no opinion as to the compliance of the Bonds with either version of H.R. 3838, we are of the opinion that the Bonds would come within the scope of the Joint Statement. Accordingly, if either version of H.R. 3838 were to be enacted in its present form, with effective date provisions conforming to the description of such provisions contained in the Joint Statement, interest on the Bonds would be exempt from Federal income taxes and from personal income taxes imposed directly thereon by the State of West Virginia. In addition, the House version of H.R. 3838 provides that for taxable years beginning in 1988, property and casualty insurance companies may be subject to an alternate method of taxation that would include, among other items, interest on obligations such as the Bonds in the relevant income computation. The Joint Statement does not purport to modify, or to extend the effective date with respect to, this provision.

The Senate's version of H.R. 3838 specifies that an alternative minimum tax would be imposed on corporations at a 20% rate and that one-half of adjusted net book income of a corporation not otherwise included in the minimum tax base would be a preference item in the calculation of the alternative minimum tax. The term "net book income" may be defined to include

interest income derived from obligations of states and political subdivisions thereof otherwise exempt from Federal income taxation.

There can be no assurance that the Joint Statement will not be amended or revised or that either version of H.R. 3838 will not be amended prior to enactment, or that additional or alternative legislation will not be introduced or enacted after the issuance of the Bonds, so as to cause interest on the Bonds to be subject to Federal income taxation or to personal income taxes imposed directly thereon by the State of West Virginia or so as to impose additional requirements as a condition to such exemptions.

Please be further advised that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Local Act and the Loan Agreement may be subject to remedies with respect to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed Local Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,


STEPTOE & JOHNSON

08/13/86
ALDTN1-H

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

August 18, 1986

CHARLESTON

CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN
MARTIN R. SMITH, JR.

OF COUNSEL

ROBERT W. LAWSON, JR.
EDWARD W. EARDLEY
EUGENE G. EASON

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
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VINCENT A. COLLINS
JAMES A. RUSSELL
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WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE

Town of Alderson

Sewer Revenue Bonds, Series 1986 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to the Town of Alderson (the "Governmental Agency"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a supplemental loan agreement, dated August 13, 1986 (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated August 18, 1986 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$90,762, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1987 through 2025, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated August 13, 1986, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds") which Local Bonds are issued simultaneously herewith.

11

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) paying additional costs of acquisition and construction of new sewage collection and transportation facilities of the Governmental Agency (the "Project"), and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by a bond ordinance and a supplemental resolution (collectively, the "Local Act") duly enacted and adopted by the Governmental Agency, which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Supplemental Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted and adopted the Local Act and all other necessary ordinances and resolutions in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge

of the net revenues of said System, junior and subordinate only to that created for the Local Bonds and to that created for the Governmental Agency's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued in the original principal amount of \$228,000, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority.

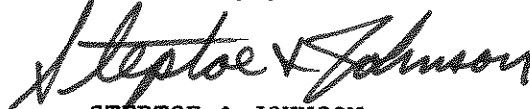
6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

7. The Supplemental Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

No opinion is given herein as to the enforceability of remedies with respect to the Supplemental Bonds under any applicable bankruptcy, insolvency, moratorium or other laws affecting creditors' rights.

We have examined the executed Supplemental Bond numbered BR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Steptoe & Johnson", written in a cursive, flowing style.

STEPTOE & JOHNSON

08/13/86
ALDTN1-I

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

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W. RANDOLPH FIFE

Town of Alderson Sewer Revenue Bonds, Series 1986 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$490,364 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A (the "Governmental Agency Bonds") of the Town of Alderson (the "Governmental Agency"), and a Certificate as to Arbitrage executed by the Mayor of the Governmental Agency on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and Treasury Regulations promulgated thereunder, particularly Sections 1.103-13, 1.103-14 and 1.103-15, to support the conclusion that the Governmental Agency Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect the representations made in said Certificate.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Governmental Agency Bonds will not be "arbitrage bonds" as so defined.

In rendering the foregoing opinion we wish to advise you that we have reviewed the provisions of H.R. 3838, the "Tax Reform Act of 1985," as adopted by the United States House of Representatives on December 17, 1985. H.R. 3838 contains provisions that would impose additional requirements as a condition to the exemption from Federal income taxation of interest on state and local governmental obligations issued after December 31, 1985, and would add as a preference item to be included in calculating alternative minimum taxable income, interest on certain tax-exempt obligations issued after December 31, 1985. On March 14, 1986, a joint statement was issued by Representative Dan Rostenkowski, Chairman of the House Committee on Ways and Means, Senator Robert Packwood, Chairman of the Senate Committee on Finance, Representative John J. Duncan, Ranking Member of the House Committee on Ways and Means, Senator Russell Long, Ranking Member of the Senate Committee on Finance and Secretary of the Treasury James A. Baker, III (the "Joint Statement"). The Joint Statement endorses a postponement, until the earlier of September 1, 1986, or the date of enactment of tax reform legislation, of the effective date of certain of the provisions of H.R. 3838 that could have a material adverse impact on the tax-exempt status of the Bonds. On June 24, 1986, the United States Senate passed its version of H.R. 3838.

While we render no opinion as to the compliance of the Bonds with either version of H.R. 3838, we are of the opinion that the Bonds would come within the scope of the Joint Statement. Accordingly, if either version of H.R. 3838 were to be enacted in its present form, with effective date provisions conforming to the description of such provisions contained in the Joint Statement, interest on the Bonds would be exempt from Federal income taxes and from personal income taxes imposed directly thereon by the State of West Virginia. In addition, the House version of H.R. 3838 provides that for taxable years beginning in 1988, property and casualty insurance companies may be subject to an alternate method of taxation that would include, among other items, interest on obligations such as the Bonds in the relevant income computation. The Joint Statement does not purport to modify, or to extend the effective date with respect to, this provision.

The Senate's version of H.R. 3838 specifies that an alternative minimum tax would be imposed on corporations at a 20% rate and that one-half of adjusted net book income of a corporation not otherwise included in the minimum tax base would be a preference item in the calculation of the alternative minimum tax. The term "net book income" may be defined to include interest income derived from obligations of states and political subdivisions thereof otherwise exempt from Federal income taxation.

There can be no assurance that the Joint Statement will not be amended or revised or that either version of H.R. 3838 will not be amended prior to enactment, or that additional or alternative legislation will not be introduced or enacted after the issuance of the Bonds, so as to cause interest on the Bonds to be subject to Federal income taxation or to personal income

West Virginia Water Development Authority
Page 3

taxes imposed directly thereon by the State of West Virginia or so as to impose additional requirements as a condition to such exemptions.

Very truly yours,


STEPTOE & JOHNSON

09/16/86
ALDTN1-J

LAW OFFICE
JESSE O. GUILLS, JR.
113 WEST WASHINGTON STREET
LEWISBURG, WEST VIRGINIA 24901

PATRICIA J. COLE
ASSOCIATE

AREA CODE 304
645-3313

August 18, 1986

Town of Alderson
Sewer Revenue Bonds, Series 1986 A and Series 1986B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Steptoe & Johnson
Union National Center East, 6th Floor
Post Office Box 2190
Clarksburg, West Virginia 26302-2190

Gentlemen:

I am counsel to the Town of Alderson, in Greenbrier and Monroe Counties, West Virginia (the "Governmental Agency"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, and a loan agreement and a supplemental loan agreement, both dated August 13, 1986, all by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds (the "Bonds") of the Governmental Agency. Terms used in said opinion, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Governmental Agency and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Governmental Agency in accordance with its terms.
2. The members of the common council of the Governmental Agency have been duly and properly elected, have taken the requisite oaths and are authorized to act on behalf of the Governmental Agency.
3. The Local Act has been duly enacted and adopted by the Governmental Agency and is in full force and effect.

WV Water Development Authority
Steptoe & Johnson
Page 2
August 18, 1986

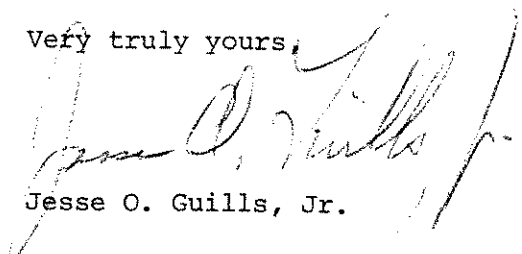
4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Governmental Agency a breach of or default under any agreement or other instrument to which the Governmental Agency is a party or any existing law, regulation, court order or consent decree to which the Governmental Agency is subject.

5. The Governmental Agency has received all the permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the construction of the Project and operation of the System and imposition of rates and charges, and has taken any other action required for the imposition of such rates and charges, including, without limitation, enactment of an ordinance setting such rates and charges and the obtaining of all requisite orders and approvals from the Public Service Commission of West Virginia, the time for appeal of both such ordinance and such order from the Public Service Commission of West Virginia has expired prior to the date hereof.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement or the validity of the Bonds of the collection or pledge of the Net Revenues. JOG

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,


Jesse O. Guills, Jr.

JOG/vjw

cc: E. Sterling Hanger, Mayor

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

TRUSTEE'S CERTIFICATION OF DEFEASANCE OF NOTES

RALEIGH COUNTY NATIONAL BANK, a national banking association with principal office in the City of Beckley, West Virginia, as trustee (the "Trustee") under that certain trust indenture dated as of March 15, 1984, by and between the Town of Alderson and the Trustee (the "Indenture") securing the Sewerage System Construction Notes, Series 1984 of the Town of Alderson, dated as of March 15, 1984, in the aggregate principal amount of \$2,600,000, which mature September 15, 1986 (the "Notes") hereby certifies that it has received the sum of \$ 407,114.11 and has deposited such sum in the Notes Debt Service Fund established by the Indenture, and that such sum, together with other moneys now on deposit in said Notes Debt Service Fund is sufficient to pay, at maturity, the entire principal amount of and interest to accrue on the Notes. Said moneys in the Notes Debt Service Fund shall be used for no other purpose, and the Notes are thereby defeased in accordance with the Indenture.

Dated this ^{19th} 18th day of August, 1986.

RALEIGH COUNTY NATIONAL BANK

By 
Its VICE PRES. & TRUST OFFICER

08/14/86
ALDTN1-Y

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

GENERAL CERTIFICATE OF GOVERNMENTAL AGENCY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. GOVERNMENTAL AGENCY BONDS PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
16. SPECIMEN GOVERNMENTAL AGENCY BONDS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Alderson, in Greenbrier and Monroe Counties, West Virginia (the "Governmental Agency"), and the undersigned ATTORNEY for the Governmental Agency, hereby certify in connection with the \$581,126 aggregate principal amount the Town of Alderson Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Governmental Agency enacted July 31, 1986, and a Supplemental Resolution adopted August 14, 1986 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Governmental Agency Bonds, receipt of the Grant Receipts, or the Revenues of the System or in any way contesting or affecting the validity of the Governmental Agency Bonds or the Grants or any proceedings of the Governmental Agency taken with respect to the

issuance or sale of the Governmental Agency Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Governmental Agency Bonds or the existence or the powers of the Governmental Agency insofar as they relate to the authorization, sale and issuance of the Governmental Agency Bonds, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge of the Net Revenues.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Governmental Agency Bonds have been obtained and remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: Except for the additional borrowing described in the Loan Agreement, there has been no adverse change in the financial condition of the Governmental Agency since the approval and execution and delivery by the Governmental Agency of the previous loan agreement dated as of March 24, 1985 between the Governmental Agency and the Authority (the "Previous Loan Agreement") and the Governmental Agency has met all conditions prescribed in said Previous Loan Agreement. Except for the Issuer's Sewer Revenue Bonds, Series 1983, dated October 14, 1983, issued and outstanding in the principal amount of \$228,000, which will rank senior and prior to the Bonds with respect to lien on and source of and security for payment, there are no outstanding debt obligations of the Governmental Agency, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Charter of Town of Alderson.

Ordinance Creating Sanitary Board.

Petition of Sanitary Board.

Bond Ordinance.

Supplemental Resolution.

Rate Ordinance.

Amendatory Rate Ordinance.

Affidavit of Publication of Abstract of
Bond Ordinance and Notice.

Minutes on Enactment of Bond Ordinance and
Adoption of Supplemental Resolution.

Loan Agreement.

EPA Grant Agreement, as amended.

HUD Grant Agreement

Public Service Commission Final Order
entered January 20, 1984.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Governmental Agency is the "Town of Alderson" and it is a municipal corporation in Greenbrier and Monroe Counties, and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Governmental Agency is its Council consisting of 5 members, a Mayor (non-voting member) and a Recorder whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
E. Sterling Hanger, Jr., Mayor	July 1, 1985	June 30, 1987
Charles M. Lobban, Jr., Recorder	July 1, 1985	June 30, 1987
Richard C. Simms	July 1, 1985	June 30, 1987
Tom E. Housby	July 1, 1985	June 30, 1987
Raymond Browning	July 1, 1985	June 30, 1987
W. Elvin Keadle	July 1, 1985	June 30, 1987
Coleman Highlander	July 1, 1985	June 30, 1987

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Governmental Agency are as follows:

Chairman	-	E. Sterling Hanger, Jr.
Member	-	Thomas A. Akers
Member	-	W. O. Burns, Jr.

The duly appointed and acting Counsel for the Town of Alderson is Jesse O. Guills, Jr., of Lewisburg, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Governmental Agency and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Governmental Agency to pay for the same without jeopardizing the security of or payments on the Governmental Agency Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Governmental Agency in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Governmental Agency duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act.

10. GRANTS: As of the date hereof, the EPA has committed to the Governmental Agency the approximate amount of \$1,578,581.84. Said commitment of EPA is as of this date is still in force and effect. The Other Grants are committed to the Issuer and as of this date remain in force and effect.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Governmental Agency contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Governmental Agency has occurred since the date of the Previous

Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

12. RATES: The Governmental Agency has duly enacted ordinances on November 3, 1983, and April 12, 1984, setting rates and charges for the services of the System. Such ordinances are presently in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Governmental Agency Bonds of the aforesaid issue, all dated August 18, 1986, by his manual signature, and the undersigned Recorder did officially cause the official seal of the Governmental Agency to be affixed upon each of said Governmental Agency Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Governmental Agency Bonds to a representative of the Authority as the original purchaser of the Governmental Agency Bonds under the Loan Agreement. Said official seal is also affixed above the signatures appearing on this certificate.

14. GOVERNMENTAL AGENCY BONDS PROCEEDS: On the date hereof the Governmental Agency received from the Authority the agreed purchase price of the Series A Bonds, being \$490,364 (100% of par value), and anticipates receipt of the proceeds of the Series B Bonds, being \$90,762 (100% of par value) within 30 days, there being no interest accrued on either series. The proceeds of the Governmental Agency Bonds have been and will be deposited as required under the Bond Ordinance.

15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in a newspaper of general circulation in the Town of Alderson, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 31st day of July, 1986, at 7:30 p.m., in the Council Chambers of the Town Hall of the Town of Alderson and present protests, and stating that a certified copy of the Bond Ordinance was on file with the Council for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the

Governing Body and there being no public protests, written or oral, the Bonds Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

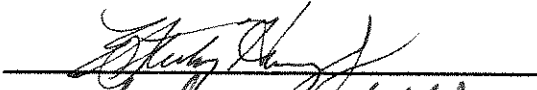

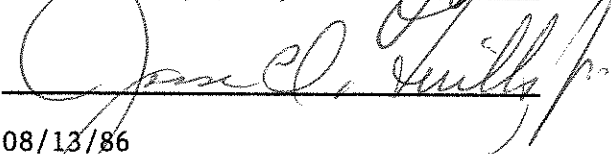
16. SPECIMEN GOVERNMENTAL AGENCY BONDS: Delivered concurrently herewith are true and accurate specimens of the Governmental Agency Bonds.

WITNESS our signatures and the official seal of the TOWN OF ALDERSON on this 18th day of August, 1986.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

City Attorney

08/13/86
ALDEN1-L

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

CERTIFICATE AS TO ARBITRAGE

I, E. STERLING HANGER, JR., Mayor of the Town of Alderson, in Greenbrier and Monroe Counties, West Virginia (the "Governmental Agency"), being one of the officials of the Governmental Agency duly charged with the responsibility for the issuance of \$490,364 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Governmental Agency, dated August 18, 1986 (the "Series 1986 A Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Sections 1.103-13, 1.103-14 and 1.103-15 of the Income Tax Regulations (the "Regulations") promulgated under Section 103(c) of the Internal Revenue Code of 1954, as amended ("Section 103(c)"). I am one of the officers of the Governmental Agency charged with the responsibility of issuing the Governmental Agency Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Governmental Agency.

2. This certificate may be relied upon as the certificate of the Governmental Agency.

3. The Governmental Agency has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Governmental Agency or that there is any disqualification of the Governmental Agency by the Internal Revenue Service because a certification made by the Governmental Agency contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Governmental Agency in existence on August 18, 1986, the date on which the Series 1986 A Bonds and the Sewer Revenue Bonds, Series 1986 B, of the Governmental Agency, dated August 18, 1986 (the "Series 1986 B Bonds"), are to be physically delivered in exchange for the issue price of the Series 1986 A Bonds; proceeds of the Series 1986 B Bonds are expected to be received approximately 30 days after the date hereof (the Series 1986 A Bonds and Series 1986 B Bonds are collectively called herein the "Governmental Agency Bonds"), and to the best of

my knowledge and belief, the expectations of the Governmental Agency set forth herein are reasonable.

5. In the Local Act pursuant to which the Governmental Agency Bonds are issued, the Governmental Agency has covenanted to make no use of the proceeds of the Governmental Agency Bonds which would cause the Governmental Agency Bonds to be "arbitrage bonds" within the meaning of the Regulations or Section 103(c).

6. The Governmental Agency Bonds were delivered against payment on August 18, 1986, to the West Virginia Water Development Authority (the "Authority") for a purchase price of \$490,364 (100% of par).

7. The Governmental Agency Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) refunding a portion of the Sewerage System Construction Notes, Series 1984, of the Governmental Agency (the "Notes") issued to temporarily finance part of the costs of acquisition and construction of certain new sanitary sewage facilities (the "Project"), (ii) paying additional costs of acquisition and construction of the Project, and (iii) paying costs of issuance of the Governmental Agency Bonds. The remainder of such costs have been or are expected to be paid from a grants from the United States Environmental Protection Agency ("EPA") in the amount of \$1,578,581.84 and other grants in the amount of \$750,000.

8. The Governmental Agency has, prior to delivery of the Governmental Agency Bonds, entered into agreements which require the Governmental Agency to expend in excess of \$100,000 on the Project. The Governmental Agency expects that acquisition, construction and equipping of the Project will proceed with due diligence to completion, and that all of the proceeds from the sale of the Governmental Agency Bonds will be spent on or before February, 1987.

9. The total cost of the Project is estimated at \$3,550,562.68. The amount of Project costs not expected to be reimbursed or paid from the EPA grant or other grants is estimated to be at least \$581,126. Except for the proceeds of the grants described in paragraph 7 above, tap fees estimated in the amount of \$32,000, interest earnings estimated in the amount of \$524,400 and revenues estimated in the amount of \$84,454.84, no other funds of the Governmental Agency will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, or previous ordinances the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bond Construction Trust Fund;
- (4) Series 1986 A Bonds Sinking Fund, and within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account; and
- (5) Series 1986 B Bonds Sinking Fund, and within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Governmental Agency Bonds will be deposited as follows:

(1) From proceeds of the Series 1986 A Bonds the sum of \$490,364 shall be deposited in the Notes Debt Service Fund established by the Indenture pursuant to which the Notes were issued, and applied to payment of the Notes.

(2) The balance of the proceeds of the Governmental Agency Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs, estimated to not exceed \$10,000.

12. All moneys in the Sinking Funds (including any income earned thereon) will be used solely to pay principal of and interest on the Governmental Agency Bonds and will not be available to meet costs of construction of the Project.

13. Except for the Sinking Funds (including the Reserve Accounts established therein), there are no other funds or accounts established or held by the Governmental Agency which are reasonably expected to be used to pay debt service on the Governmental Agency Bonds or which are pledged as collateral for the Governmental Agency Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Governmental Agency Bonds, if the Governmental Agency encounters financial difficulties.

The net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably

pledged thereto and the proceeds of grants irrevocably committed therefor, will be sufficient to pay the principal of and interest on the Notes at the maturity thereof and the costs of acquisition and construction of the Project as set forth in the application submitted to Authority on the date of the Loan Agreement.

14. The Governmental Agency expects that no part of the Project financed by the Bonds will be sold prior to the last maturity date of the Governmental Agency Bonds.

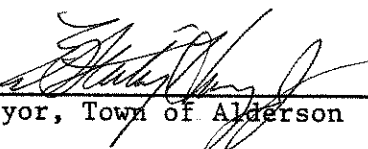
15. At least 85% of the spendable proceeds of the Governmental Agency Bonds will be expended on the Project within 6 months from the date of issuance thereof.

16. Any money deposited in any sinking fund for payment of the principal of or interest on the Governmental Agency Bonds (other than the Reserve Accounts) will be spent within a 13-month period beginning on the date of receipt.

17. The original proceeds of the Governmental Agency Bonds will not exceed the amount necessary for the purposes of the issue.

18. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 18th day of August, 1986.



Mayor, Town of Alderson

08/18/86
ALDTN1-M

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

ENGINEER'S CERTIFICATE

I, EDWARD LEE SHUTT, Registered Professional Engineer, West Virginia License No. 7314 of Stafford Consultants, Incorporated, Consulting Engineers, Princeton, West Virginia, subconsultant to and on behalf of Gates Engineering Company, of Beckley, West Virginia, hereby certify as follows:

1. Gates Engineering Company is engineer for the construction and acquisition of certain facilities for the collection and transportation of sewage and industrial wastes (the "Project") for the Town of Alderson, in Greenbrier and Monroe Counties, West Virginia (the "Governmental Agency"). Certain costs of such construction and acquisition are being permanently financed in part by proceeds of the above-captioned bonds (the "Governmental Agency Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency ("EPA") and others.

2. The undersigned hereby certifies that (i) the Project has been and will be constructed in accordance with the approved plans, specifications and designs prepared by Gates Engineering Company, as described in the Applications submitted to the West Virginia Water Development Authority (collectively, the "Application") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the Town of Alderson; (ii) the Project is adequate for the purpose for which it was designed; and (iii) Gates Engineering Company has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and otherwise compatible with the plan of financing described in the Application and Gates Engineering Company has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and has verified such insurance policies or binders and such bonds for accuracy and completeness; (iv) the Governmental Agency has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project and operation of the System, including permits from the EPA and the West Virginia Department of Natural Resources; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the

Project is not less than 40 years; (vii) the rates and charges for the sewerage system of the Governmental Agency comply with the applicable provisions of 4.1(b) of the Loan Agreement and Supplemental Loan Agreement by and between West Virginia Water Development Authority and the Governmental Agency; and (viii) the net proceeds of the Governmental Agency Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay in full the Notes at or prior to the maturity thereof and the remaining costs of acquisition and construction of the Project as set forth in the Application.

WITNESS my signature on this 18th day of August, 1986.

GATES ENGINEERING COMPANY,

By STAFFORD CONSULTANTS INCORPORATED,
subconsultant to Gates Engineering
Company

By Edward R. Shutt

08/13/86
ALDTN1-N



GATES

ENGINEERING
COMPANY

CONSULTING
ENGINEERING AND DESIGN
BECKLEY
WEST VIRGINIA

August 14, 1986

FILE E104

The Honorable E. Sterling Hanger, Jr.
Mayor of Alderson
Post Office Box 113
Alderson, West Virginia 24910

Dear Mayor Hanger:

Mr. Edward L. Shutt, professional engineer, is Vice President of Stafford Consultants Incorporated, subconsultant to Gates Engineering Company for the Town of Alderson project. Mr. Shutt has the authority to sign the engineering certificates associated with the WDA loan closing.

If I can provide clarification, please let me know.

Yours very truly,

Donna M. Martin

(Mrs.) Donna M. Martin, CPA
Controller

cc: Mr. Edward L. Shutt

Jeffrey S. Feamster
Certified Public Accountant
P.O. Box 121
Lewisburg, West Virginia 24901
304-647-5980

August 18, 1986

Town of Alderson
Sewer Revenue Bonds, Series 1986 A and Series 1986 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 26065

Gentlemen:

Based upon the rates and charges as set forth in the Rate Ordinances of the Town of Alderson enacted November 3, 1983, and April 12, 1984, and projected operation and maintenance expenses as furnished to me by the Town of Alderson, and based upon the June 30, 1985 financial statements and upon anticipated customer usage furnished to me by the Town's Consulting Engineer, it is my opinion that such schedule of rates and charges will be sufficient to provide funds which, together with other revenues of the sewerage system of the Town, will pay all operation, repair and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the captioned bonds to be issued to the Water Development Authority and all obligations of the Town secured by or payable from the revenues of said system prior to or on a parity with such bonds, including the Series 1983 bonds.

Very truly yours,


Jeffrey S. Feamster, CPA

COMMON LAW ORDERS - Monroe Circuit Court.

Octo. Term,

2^d Day, Tuesday Oct 4th 1881

In an application for
Certificate of Incorporation
of the town of Alderson.

A Certificate under oath of Wm H. Madsen, N. H. Jones, and Charles Swick, that a majority of the voters residing in the following boundary, to wit: Beginning on a double oak on a cliff South of Greenbrier river between the lands of George Alderson and William Bow, thence due North to a water bush tree on North bank of Greenbrier river, opposite the west end of island above Alderson, 47 rods, thence 19° N of N. to a small pyramidal tree South side of Johnson's island, 380 rods, thence due South to a large sugar tree on a cliff South of Greenbrier river in Mahan's field, 961 rods; thence 19° S of E. to a corner tree between lots of Geo. Alderson, Taylor Mann and H. K. Lewis, 171 rods; thence 2° W of S. to an old black oak tree in George Alderson's field near the road South of Alderson, 49 rods; thence 16° N. of E. to the beginning, 244 rods; have been given in due form of law in favor of the incorporation of the town of Alderson in the County of Monroe bounded as herein set forth. And it appearing to the satisfaction of the Court that all the provisions of Chapter 47 of the Code of West Virginia have been complied with by the applicant for said incorporation, the said town of Alderson is duly authorized within the corporate limits of said town to exercise all the corporate powers conferred by the said Chapter 47 of the Code of W. Va. from and after the date of this certificate.

Wm H. Madsen } In after
N. H. Jones }
Chas. Swick }

R. B. Swain for the } In Debt
N. H. Madsen }

By Consent and agreement of the parties to these two causes by their attys the order entered in each on yesterday are hereby set aside and annulled and the causes moved to be reinstated upon the docket.

COMMON LAW ORDERS - Monroe Circuit Court.

April

Term.

5th

1901

Barj.

In the matter of a change in the
Corporate limits of the Town of Alderson
West Va.

This day personally appeared
the Town of Alderson by its Attorney Geo. J. Thompson, who presented
a certificate of the Council of said town showing that a change
has been made in the Corporate limits thereof in the manner re-
quired by law, and that by such change the said Corporate
limits are as follows:

Beginning at a large white sycamore on the south side of the
Savannah branch just below Mrs. M. J. Leach's residence (the Mill
dock house) and a skirting from the North West Corner of the
present Corporation line and running N. 37° E. passing in
the Leach house 12 poles to a large locust stump near
a small locust in the North West Corner of A. R. Lefips or-
chard, thence N. 70° E. 146 poles to a locust on top of the
hill on J. F. May's place; thence N. 49° E. 72 poles to a pile of
stones in J. O. Bobbitt's field, thence S 40° E. running so as to take
in the residence of J. O. Bobbitt, J. C. Horason and J. N. Leach
crossing the road at Horason's at 37 poles passing large black
oak on the hill at 76 poles, 133 poles to a Hickory in the south

IN THE COUNTY COURT OF GREENBRIER COUNTY, WEST VIRGINIA
IN THE MATTER OF THE TOWN OF
ALDERSON, a Municipal Corporation

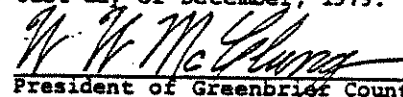
O R D E R

This cause came to be heard on this 27th day of December, 1979, upon the petition of the Town of Alderson, a Municipal Corporation, which petition was filed on the 11th day of December, 1979, pursuant to notice of a hearing, which notice was published in the West Virginia Daily News, a newspaper of general circulation and the Alderson area, said notice having been published once a week for two (2) successive weeks as required by law, at which hearing appeared, the Town of Alderson, by its attorney, Jesse O. Guills, Jr., by its Recorder and Acting Mayor, Sterling Hanger, Jr. and other persons affected by the annexation sought by said petition. After hearing all of the evidence in this matter, and there being no substantial objection by freeholders or residents of said area, to be annexed, the County Court does hereby ADJUDGE, ORDER and DECREE that the prayer of said petition be granted and the area described by said petition shall be and become, henceforth, incorporated within the town limits of the Town of Alderson, which area is described as follows:

"Beginning at the present corporate line along Chase Street and on the eastern right-of-way line of West Virginia Route 12 and with the eastern right-of-way line of West Virginia Route 12 which lies 30 feet east of West Virginia Route 12 and is parallel to the center line which center line is described as beginning at Station 17 + 38.40 along a radius of 381.97 feet pro-

ceeding 106.91 feet to Station 18 + 45.31; thence proceeding N 67° 14' E 607.62 feet to Station 24 + 51.51; thence with a curve to the left having a radius of 381.97 feet, proceeding 270.67 feet to Station 27 + 22.18; thence proceeding N 26° 38' E 2278.52 feet to a point; thence crossing West Virginia Route 12 on a bearing of N 58° 13' W 409.90 feet to a point on the northeastern corner of a 5 acre tract thence S 37° 02' W 189.79 feet to a point; thence S 40° 51' W 60 feet to a point in property line which is common to a point obtained by extending the present corporation line; thence 350 feet plus or minus in a northwesterly direction to a point which is the present northeasterly corner of the corporate limits of the Town of Alderson; (this point lies 430 feet north of the point of intersection of Chase Avenue and Hemlock Avenue); thence with the present corporate limits along Chase Street in a southeasterly direction 2518 feet to the point of beginning and containing 45.45 acres, more or less, as surveyed by R. Don Bryant, Registered Professional Engineer No. 2264, in July, 1979.

Given under my hand this 31st day of December, 1979.


President of Greenbrier County
Court

WEST VIRGINIA, Greenbrier County Commission Special Session December 27, 1979 10 o'clock A. M.

At a Special Session of the Greenbrier County Commission held at 10 o'clock A. M., December 27, 1979, with all members present, Jesse O. Guills, Jr., Attorney for the town of Alderson informed the Commission that proper notice was served and published for two consecutive weeks and that all other legal requirements had been met in the case of annexation by, minor boundary adjustment, 45.45 acres, more or less, into the town of Alderson.

The town requests an order be entered to annex the minor boundary adjustment.

Residents of the acreage in question, who spoke their views on this annexation included Charles Eary, Sterling Hanger, Mrs. England, Coleman Highlander, and Charles Berry.

Guills pointed out that no substantial objection was brought out, and it is the opinion of the town of Alderson and it's attorney that the County Commission entered an order approving the proposed annexation.

It is ordered that this Session stand adjourned until

Friday, December 28, 1979, at 1 o'clock P. M..

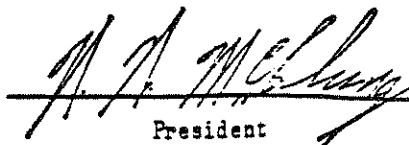
WEST VIRGINIA, Greenbrier County Commission Special Session December 28, 1979 1 o'clock P. M.

Continuation of the hearing on the Alderson annexation was heard with all commission members present, along with their legal advisor, Prosecuting Attorney, Ralph E. Hayes.

Hayes advised the Commission to determine whether the city had complied with the provisions of the law (8-6-5). If the Commission finds there has been compliance, then an order to annex should be entered. If not, an order to dismiss should be entered.

It is the opinion of the Greenbrier County Commission that the Town of Alderson, West Virginia, Greenbrier County, has complied with all statutory rules and regulations and an order to annex 45.45 A., more or less, on the Northeast side of Alderson is this day entered.

This Commission hereby stands adjourned until the
next regular term.


President

IN THE COUNTY COMMISSION OF GREENBRIER COUNTY, WEST VIRGINIA
IN THE MATTER OF THE TOWN OF ALDERSON, A MUNICIPAL CORPORATION

ORDER

This cause came to be heard on this 14th day of December, 1982, upon the petition of the Town of Alderson, a Municipal Corporation, which petition was filed on the 14th day of December, 1982, pursuant to notice of a hearing, which notice was published in the West Virginia Daily News, a newspaper of general circulation in the area, said notice having been published once a week for two successive weeks as required by statute, at which hearing appeared, the Town of Alderson, by its Attorney, Jesse O. Guills, Jr., and by its Mayor, Don Bryant, and other persons effected by the annexation sought by said petition. After hearing all the evidence in this matter, and there being no objections filed by any freeholder of said area, to be annexed, the court does hereby ADJUDGE, ORDER AND DECREE that the prayer of said petition be granted and the area described in said petition shall be and become, henceforth, incorporated within the town limits of the Town of Alderson, which area is described as follows:

A tract of land in Blue Sulphur District, Greenbrier County, West Virginia, on the south side of the Town of Alderson, and being more particularly bounded and described as follows:

"Beginning at western edge of 30 Secondary Route 3/2, said point of beginning lying N 37° 00' E, 200 feet, more or less, from western-most corner of Alderson, Greenbrier County, proceed with westerly edge of road, N 61° 04' W 45 feet, more or less, to P.T., Sta. 1+79.92, thence N 01° 04' W 55 feet, to P.C. Sta. 2+19.32, thence with curve to right and radius of 96.39 feet, proceed 115.52 feet to P.T. Sta. 3+19.28, thence proceed N 1° 38' 40" E, 261.94 feet to P.C. sta. 5+81.22, thence with curve to right and a radius of 211.53

feet, proceed 150.45 feet to P.T. Sta. 7+21.01, thence proceed N 45° 41' 20" E, 103.22 feet to P.C. 8+24.23, thence with curve to the left and a radius of 135.00 feet, proceed 120.37 feet to P.T. Sta. 9+57.97, thence proceed N 5° 23' 48" W, 502.03 to corner, thence across road S 79° 35' 08" E, 30 feet to corner of Alderson Manor Property, thence with Alderson Manor and Cemetery, proceed S 79° 35' 08" E, 428.50 feet to corner, thence S 11° 02' 48" W, 23.72 feet to corner, thence proceed S 79° 28' 11" E, 79.95 feet to corner, thence leaving cemetery and with C. L. Lobban property, proceed S 10° 06' 31" W, 610.34 feet to corner, thence proceed S 20° E to a corner of present corporate line of Alderson, said corner being the easterly end of original bearing, N 37° 00' E and distance of 858, thence along this line, proceed S 37° 00' W, 658 feet, more or less, to the point of beginning and containing 10.65 acres, more or less, as determined from plat by R. Don Bryant, Registered Professional Engineer, No. 2264."

Given under my hand this 14th day of December, 1982.


President, County Commission of
Greenbrier County, West Virginia

TOWN OF ALDERSON

ORDINANCE CREATING A SANITARY BOARD
TOWN OF ALDERSON

WHEREAS, the Town of Alderson contemplates the issuance of its Sewer Revenue Bonds, and, pending issuance of such Bonds and receipt of certain grants from various federal, state and local agencies, issuance of construction notes, bond anticipation notes, grant anticipation notes or other interim borrowing, to finance the acquisition, construction and operation of a public sewerage system, and additions, extensions and improvements thereto (the "System"), pursuant to Article 13 of Chapter 16 of the Official West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a Sanitary Board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF ALDERSON AS FOLLOWS:

Section 1. That the Council of the Town of Alderson does hereby create and establish a Sanitary Board, with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the Town of Alderson, and two persons appointed by the Council, one of whom, during the construction period, must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town of Alderson, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least one year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of two thousand dollars for the proper application of all money received by him as treasurer of the Board, and otherwise conditioned according to law.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board as such shall be paid no compensation. All members of the Board shall be reimbursed from sewage works funds for all necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the town for any salary or expenses so incurred.

Section 5. Powers, Duties and Limitations. A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town of Alderson.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by this chapter and under and by virtue of Article 13, of Chapter 16, of the Code of West Virginia, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in said Article 13 as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of said Article 13 shall be paid solely and only from funds provided under the authority or power given it so as to bind the Board or the town beyond the extent to which money shall have been or may be provided under the authority of said Article 13. No contract or agreement with any contractor or contractors for labor or material exceeding in amount the sum of one thousand dollars shall be made without advertising for bids, which bids shall be

publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, installation and completion of such works the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by said Article 13, or which may be granted to it by amendments to said Article 13, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this chapter shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of Article 13, Chapter 16 of the Code of West Virginia.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall


be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Bonding of Employees Who Handle Money. The Sanitary Board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver up and pay over all money as provided by law. The Board shall require all persons who collect or otherwise handle funds of the Board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the Board.


Mayor

ATTEST:


Recorder

First Reading: September 8, 1983

Enacted on Second Reading: September 15, 1983

10/13/83
ALDER1-U


PETITION

The Sanitary Board of the Town of Alderson, on motion duly passed at its meeting on the 10th day of July, 1986, respectfully petitions the Council of the Town of Alderson to enact an ordinance directing that revenue bonds of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code, in an aggregate amount not to exceed \$800,000 for the purpose of refunding the City's outstanding Sewerage System Construction Notes, Series 1984, and providing additional moneys for completion of the City's sewerage system improvements.

All as required by Chapter 16, Article 13 of the West Virginia Code.

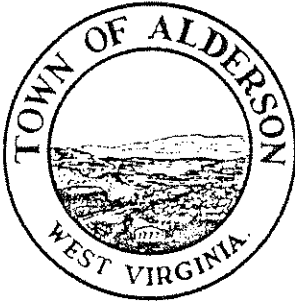
SANITARY BOARD OF THE TOWN OF ALDERSON

By



Mayor and Chairman -
Alderson Sanitary Board

08/13/86
ALDTN1-B



TOWN OF ALDERSON
POST OFFICE BOX 179
CITY BUILDING - 202 SOUTH MONROE STREET
ALDERSON, WEST VIRGINIA 24910
(304) 445-2916

RESOLUTION

WHEREAS, the Alderson Sanitary Board has determined that it is convenient and necessary and in the best interests of the Town of Alderson to construct a Sewage Collection and Treatment System; and

WHEREAS, it has been determined that the financing for said project can best be facilitated through the Issuance of Bonds; and

WHEREAS, said bonds should be issued and entitled "Town of Alderson, Sewer Revenue Bonds, Series 1986 A and Series 1986 B, " and the appropriate ordinance authorizing same should be prepared and enacted by the Town Council,

THEREFORE BE IT RESOLVED, that the Alderson Sanitary Board does hereby respectfully request and petition the Alderson Town Council to enact the appropriate Ordinance authorizing the issuance of said bonds.

This Resolution passed upon motion by Thomas A. Akers,
seconded by Ed Hanger Jr.

Dated July 10, 1986

Thomas Akers

Ed Hanger Jr.

P. S. C. W. Va. No. 4
Cancels P. S. C. W. Va. No. 3

PUBLIC SERVICE COMMISSION
OF W.VA. TARIFF OFFICE
SPECIAL STUDIES DIVISION

JAN 26 1984

TOWN OF ALDERSON, a municipal corporation

RECEIVED

OF

Alderson, West Virginia

Rates, Rules and Regulations for Furnishing

SEWERAGE AND SEWAGE DISPOSAL SERVICE

AT

Alderson, Community of Palestine and Vicinity in Greenbrier, Summers

and Monroe Counties, West Virginia.

Filed with THE PUBLIC SERVICE COMMISSION
OF
WEST VIRGINIA

Issued.....January 20, 1984.....

EffectiveJanuary 20, 1984...., 197

Issued by authority of an Order
of the Public Service Commission
of West Virginia in Case No. 83-486-S-CN,
dated January 20, 1984.

Issued by _____
(Name of Utility)

TOWN OF ALDERSON

By _____

Mayor

22

Rate Metered Water Users

First	0	3,000 gallons used per month	\$3.60 per 1,000 gallons
Next		7,000 gallons used per month	3.10 per 1,000 gallons
Next		20,000 gallons used per month	2.60 per 1,000 gallons
Next		70,000 gallons used per month	2.10 per 1,000 gallons
Over		100,000 gallons used per month	1.60 per 1,000 gallons

Sewer service charges shall be based upon the volume of water delivered to the customer's property. This volume is measured by the water meter serving the premises. In cases where a significant volume of the water delivered to the premises is not returned to the sanitary sewer system or water from another source is discharged to the sanitary sewer system, the customer may request, or the Town may require, special flow measuring devices to properly measure the volume of wastewater entering the sanitary sewer system. Such special flow measuring device shall be furnished, installed and maintained by and at the expense of the customer with the approval of the Town. In some situations suitable formulae may be used to determine wastewater flow in lieu of the special metering devices. Such formulae shall be approved by both the customer and Town and subject to the approval of the West Virginia Public Service Commission.

UNMETERED WATER USERS

Unmetered residential users will be charged a flat rate of \$12.35 per month based upon an estimated consumption of 3,500 gallons per month.

All other unmetered water users must make application to the Town. The Town will decide whether to allow the above flat rate of \$12.35 or whether to require the user to install a meter. Such meter would have to be approved by the Town, and the cost of the meter, installation and maintenance would have to be paid by the user.

MINIMUM CHARGE

No bill will be rendered for less than \$12.35 per month (3,500 gallons).

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten (10) percent will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Non-payment within sixty (60) days from the due date will result in the Town effecting such lag remedies as may be available for the collection of delinquent accounts.

CUSTOMER CONTRIBUTION IN AID OF CONSTRUCTION (A) \$50.00

To apply to all users who apply for service before sewer line is completed adjacent to applicant's premises. After contractor passes the applicant's premises, Service Connection Fee (B) applies.

SERVICE CONNECTION FEE (B)

There will be a fee of \$250.00 for each tap. To apply where an opening must be made by the Town in its collector sewer and a service line

TOWN OF ALDERSON

ORDINANCE AMENDING AND MODIFYING THE RATES,
FEES, CHARGES AND DELAYED PAYMENT PENALTY
CHARGES FOR SERVICE FOR CONSUMERS OF THE
SEWERAGE SYSTEM OF THE TOWN OF ALDERSON.

WHEREAS, the Town of Alderson enacted an Ordinance (the "Rate Ordinance") establishing rates, fees, charges and delayed payment penalty charges for service for consumers of the sewerage system of the Town of Alderson (the "Issuer"), on November 3, 1983;

WHEREAS, no protest was filed with respect to the Rate Ordinance within 45 days of the enactment thereof, and the Rate Ordinance became effective on December 18, 1983;

WHEREAS, the Public Service Commission of West Virginia, on January 20, 1984, returned to the Issuer a copy of the rates, rules and regulations on file therein;

WHEREAS, said Public Service Commission returned rates, rules and regulations which were not in accordance with the Issuer's Rate Ordinance, as aforesaid; and

WHEREAS, the the Issuer desires to amend and modify the Rate Ordinance adopted on November 3, 1983, to conform with the aforesaid rates, rules and regulations on file with the Public Service Commission of West Virginia.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF ALDERSON:

1. The paragraph of the Rate Ordinance entitled "Minimum Charge" shall be amended to read as follows: Minimum Charge - No bill will be rendered for less than \$10.80 per month (3,000 gallons).

2. The paragraph of the Rate Ordinance designated "Customer Contribution in aid of Construction" is hereby deleted from the Rate Ordinance.

3. Except as expressly modified or altered hereinabove, the Rate Ordinance enacted on November 3, 1983, shall remain in full force and effect.

4. The rates herein provided shall be effective 45 days after final enactment hereof.

5. Upon introduction hereof, the Town Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in The West Virginia Daily News, a newspaper of general circulation in said Town, there not being newspapers of opposite politics published in the Town of Alderson, and said Notice shall state that this Ordinance has been introduced, and that any person interested may appear before the Council on the 12th day of April, 1984, at 7:00 p. m., which date is not less than 10 days subsequent to the date of the first publication of this Ordinance and Notice, and present protest. At such hearing, all such objections and suggestions shall be heard and the Council shall take such action as it deems proper in the premises.

Passed on First Reading: March 16, 1984

Passed on Second Reading following Public
Hearing: April 12, 1984

[SEAL]

Mayor

ATTEST:

Town Recorder

03/12/84
TNALD1-C

C

C

THE West Virginia Daily News

P.O. Box 471
Lewisburg, WV 24901
Phone 645-1206

TOWN OF ALDERSON NOTICE OF PUBLIC HEARING ON SEWER BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a special meeting of the Council of the Town of Alderson to be held on July 31, 1986, at 7:30 p.m. in the Council chambers at the Alderson Town Hall, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF ALDERSON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above entitled Ordinance was adopted by the Council of the Town of Alderson upon petition of the Sanitary Board of the Town on July 17, 1986.

Certificate Of Publication

STATE OF WEST VIRGINIA,

COUNTY OF GREENBRIER, ss:

I, Mary Babbitt, one of
the Editors of THE WEST VIRGINIA DAILY NEWS, a daily newspaper of
general circulation published at Lewisburg, in the County of Greenbrier, State
of West Virginia, do certify that publication of the advertisement or ad-
vertisements attached hereto was made in June (2)

issues of said newspaper, dated _____

July 18, 1986
July 25, 1986

Given under my hand this 25 day of

July, 1986
Mary Babbitt
Editor or Publisher

80.85
Publication Fee

Subscribed and Sworn to before me this 25 day of July, 1986

My commission expires 6/1/89

Notary Public

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond issue contemplated thereby. The Bonds are to provide permanent financing of a portion of the costs of acquisition and construction of new sewage treatment and collection facilities for the Town of Alderson (the "Project"). The Bonds are payable solely from revenues derived from the ownership and operation of the sewerage system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Recorder of the Town of Alderson for review by interested parties during regular office hours.

Following the said public hearing, the Town Council intends to enact said Ordinance upon final reading.

Dated July 18, 1986.

E. Sterling Hanger, Jr.

Mayor

PETITION

The Sanitary Board of the Town of Alderson, on motion duly passed at its meeting on the 10th day of July, 1986, respectfully petitions the Council of the Town of Alderson to enact an ordinance directing that revenue bonds of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code, in an aggregate amount not to exceed \$800,000 for the purpose of refunding the City's outstanding Sewerage System Construction Notes, Series 1984, and providing additional moneys for completion of the City's sewerage system improvements.

All as required by Chapter 16, Article 13 of the West Virginia Code.

SANITARY BOARD OF THE TOWN
OF ALDERSON

By E. Sterling Hanger, Jr.

Mayor and Chairman -

Alderson Sanitary Board

(July 18, 25c)

July 10, 1986

The Alderson Town Council met in regular session on Thursday, July 10, 1986. Mayor Hanger called the meeting to order at 7:30 p.m. Councilmen present were: Tom Housby, Richard Simms, Elvin Keadle, Ray Browning, Coleman Highlander, and Recorder Charles M. Lobban, Jr. Others present were: Ed Shutt of Stafford Consultants; Tom Akers, member of Sanitary Board; and citizens Don McGuire and Dr. Earl Berkley; Mr. Wayne Boone of Consolidated Communications Group.

Councilman Housby moved, seconded by Councilman Keadle to dismiss the reading of the June minutes due to the large amount of business at hand.

PHASE II SEWER PROJECT

Councilman Simms moved, seconded by Councilman Browning to authorize the moving of \$35,802.39 Sewer Funds from one interest account to another. Motion carried unanimously.

Councilman Housby moved, seconded by Councilman Keadle to authorize rollover letter for payments and transfer of \$82.54 from the Cost of Issuance Account to Chemical National Bank. Motion carried unanimously.

Councilman Keadle moved, seconded by Councilman Housby to submit Pay Request No. 19 to HUD in the amount of \$25,294.62 which is the final pay request to HUD. Motion carried unanimously.

Engineer Shutt presented a rough draft Cash Flow Analysis as of July 9, 1986, of Sewer Project in respect to Construction Notes. A long, lengthy discussion followed concerning the project and where it stands.

Mr. Shutt presented Change Order No. 2 for discussion and let Council know where Town stood on items with Marbro.

Councilman Simms moved, seconded by Councilman Housby to authorize Mayor Hanger to sign Revised Change Order No. 11 increasing contract price \$3000.61 and 2.34 days. Motion carried unanimously.

Mayor Hanger appointed Councilmen Simms, Highlander, and Browning to a committee to work on problems of sewer systems flooding during heavy rains and trying to figure out where water is coming from.

Councilman Highlander moved, seconded by Councilman Housby to authorize Mayor to send letter to Marbro, Inc., stating that appears no one working on completing job as promised by them. Motion carried unanimously.

Councilman Keadle moved, seconded by Councilman Browning to authorize Mayor Hanger, Engineer Shutt and Jeff Feamster to apply for additional West Virginia Loan Moneys which will not require any rate increase. Motion carried unanimously.

Mayor Hanger presented a Resolution passed by the Alderson Sanitary Board requesting the Town of Alderson to enact the appropriate ordinance authorizing the issuance of bonds for the financing of the Phase II Sewer Project for the Town of Alderson.

Councilman Keadle moved, seconded by Councilman Browning to adopt an Ordinance on first reading authorizing the issuance of bonds entitled "Town of Alderson, Sewer Revenue Bonds, Series 1986 A and Series 1986 B" for the financing of the Sewer Project. Motion carried unanimously.

Mayor Hanger informed all that the Public Hearing and second reading would take place on Thursday, July 17, 1986, at 6:30 p.m. in the Alderson City Hall.

Councilman Browning moved, seconded by Councilman Housby to authorize Mayor Hanger to send letter to the State Health Department informing them of residences outside of the city limits not hooked onto the Public Sewer System. Motion carried unanimously.

Councilman Browning moved, seconded by Councilman Housby to authorize the drafting of public notice to go to residences still not removing rough drains and other non-sewage runoff going into the Sewage System. Motion carried unanimously.

END OF PHASE II

Councilman Housby moved, seconded by Councilman Simms to adopt on second reading an Ordinance Clarifying and Establishing a Municipal Court of the Town of Alderson. Motion carried unanimously. The ordinance takes effect from passage. (Copy attached.)

Mayor Hanger read Lisa Lewis' resignation letter effective August 15, 1986. Also, Mayor is still reviewing applications for City Clerk job.

Councilman Browning moved, seconded by Councilman Housby for the Town to change from Nationwide Insurance Company to the State Board of Insurance Management on all of the Town's Insurance Policies along with the extended discovery on liability policy with initial funding to come from Revenue Sharing to be reimbursed by refunds from Nationwide Insurance. Terry Koon will be the Town's Agent of Record. Motion carried unanimously.


A general discussion was held concerning water bills and policies. Council agreed to continue all current policies with no variances from any.

Councilman Simms moved, seconded by Councilman Highlander to pay Jeff Feamster \$200 and \$400 respectively for his work on the Sewer and Water Rate Increases adopted in last month's Council meeting.


Mr. Wayne Boone approached Council concerning the TV system and problems with it. Council discussed concerns with him and the status of the system.

A general discussion was held concerning the shape of the roof on the depot and on the old water plant. Councilman Housby is to look into solutions.

Council went over financial status of Town and adjourned.



Mayor



Recorder

Alderson Town Council
Special Session

July 17, 1986

The Alderson Town Council met in Special Session on Thursday, July 17, 1986. Mayor Hanger called the meeting to order at 6:30 p.m. Councilmen present were: Elvin Keadle, Coleman Highlander, Raymond Browning, Richard Simms and Recorder Charles M. Lobban, Jr.

Councilman Highlander moved, seconded by Councilman Simms to appoint Larry Brown to park commission. Terms of members are: Councilman Highlander and Housby run along with terms of office *other members listed.*
2-year term--Larry Brown
4-year term--Scott Ballard
6-year term--Gary McCallister

Councilman Keadle moved, seconded by Councilman Highlander to adopt on second reading an ordinance authorizing the issuance of bounds entitled "Town of Alderson, Sewer Revenue Bounds, Series 1986 A and Series 1986B" for financing of the sewer project. Motion carried unanimously.

Mayor Hanger informed all that the third final reading along with Public Hearing would be Thursday, July 31, 1986, at 7:30 p.m. in the Council Chambers.

Mayor Hanger appointed a committee of Councilman Simms, Highlander and Browning to review job applications for city clerk's job.

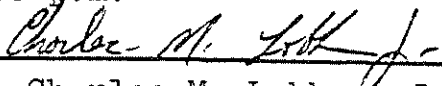
Councilman Keadle moved, seconded by Councilman Browning to authorize all decisions made on the town's behalf by Mayor Hanger and City Attorney Guills concerning The Holliday Inn.

A general discussion was held concerning water and sewer bills owed to the Town. Council agreed to go with current policy except for following motion:

Councilman Browning moved, seconded by Councilman Keadle to send notices out to all customers with bills over \$100 stating that account must be paid in full and that no partial payment will be accepted. All small amounts under \$100 must be brought up to date. Motion carried unanimously.

The meeting was adjourned at 8:30 p.m.

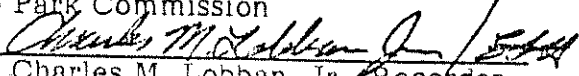

E. Sterling Hanger, Jr.
Mayor


Charles M. Lobban, Jr.
Recorder

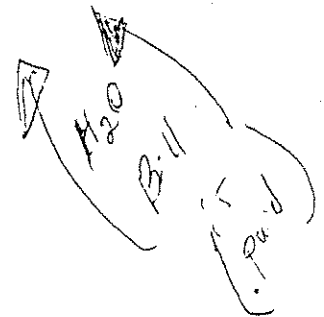
NOTICE

The Alderson Town Council will meet in Special Session on Thursday, July 17, 1986 at 6:30 p.m. in the City Hall for the following purposes:

- ✓ Second Reading of Sewer Bond Ordinance
- ✓ Consideration of Alderson Renewal/Flood Recovery Program matters, including Urban Renewal
- ✓ Consideration of Personnel Matters
- ✓ Consideration of Action regarding delinquent Water/Sewer bills owed to the Town.
- ✓ Appointment to Park Commission


Charles M. Lobban, Jr., Recorder

Posted 7/15/86


H₂O
B-11
(15 paid)

Alderson Town Council
Special Session

July 31, 1986

The Alderson Town Council met in special session on Thursday, July 31, 1986, at 7:30 p.m. Mayor Hanger was present and called the meeting to order. Councilman present were Raymond Browning, Richard Simms, Elvin Keadle, Coleman Highlander and Recorder Charles M. Lobban Jr. Others present: Walter Batty, Sam Groves and Charles M. Lobban.

Councilman Browning moved, seconded by Councilman Keadle to adopt on third and final reading an ordinance authorizing the issuance of bounds entitled "Town of Alderson, Sewer Revenue Bounds, Series 1986A and Series 1986B" for financing of the sewer project. Motion carried unanimously. Ordinance takes affect from passage.

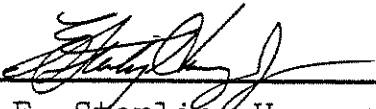
A long lengthy discussion was held concerning applications for City Clerk's Job. Committee reported and members voted. Mayor Hanger is to contact Lois Ann McVey concerning job.

Councilman Browning discussed proposed rate increase of water and sewer to the Federal Reformatory and other problems with the lift station below the prison.

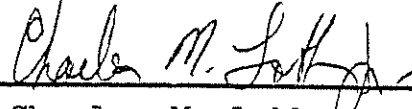
Mr. Sam Groves approached Council about reviewing video of his residence and the street in front of his residence.

Councilman Highlander reported on his meeting with Consolidated Communications Groups and the Town.

The meeting was adjourned at 9:30 p.m.



E. Sterling Hanger, Jr.
Mayor



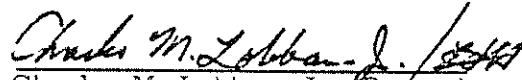
Charles M. Lobban, Jr.
Recorder

NOTICE

The Alderson Town Council will meet in Special Session on July 31, 1986 at 7:30 p.m. prevailing time, at the City Hall for the following purpose:

1. Final Reading and public hearing on Sewer Revenue Bond Ordinance, Series 1986; consideration and final decision on same.

Posted 7/29/86


Charles M. Lobban, Jr., Recorder

Alderson Town Council
Regular Meeting

August 14, 1986

The Alderson Town Council met in regular session on Thursday, August 14, 1986. Mayor Hanger called the meeting to order at 7:30 p.m. Councilman present were: Raymond Browning, Richard Simms, Elvin Keadle, Coleman Highlander and Recorder Charles M. Lobban, Jr. Others present were: Jesse Guills, Town Attorney, Ed Shutt of Stafford Consultants Inc. and Citizens Ruth and Dick Altare and Charles M. Lobban.

Councilman Simms moved, seconded by Councilman Keadle to disperse with the reading of the July's meetings' minutes.

Mr. and Mrs. Dick Altare approached Council with the problem of sewage and water backage into their residence. Mr. Ed Shutt explained to the Altare's where it looked like the problem causes come from. Also Mayor Hanger and Councilman Simms expressed their feelings on the problem. All Council agreed that problem needs to be corrected and that the study needs to continue on it. Mr. Shutt also suggested that the Altare's might consider putting in a food valve in their drain.

PHASE II SEWER

Councilman Browning moved, seconded by Councilman Keadle to adopt a supplemental resolution providing as to principal amounts, dates, maturities, interest rates, principal payment schedules, sale prices and other terms, of the Sewer Revenue Bonds, Series 1986A and Series 1986B, of The Town of Alderson; authorizing, approving and ratifying a loan agreement and supplemental loan agreement relating to such bonds and the sale and delivery of such bonds to West Virginia Water Development Authority; Designating a Registrar, Paying Agent and Depository Bond; and making other provisions as to the Bonds. The motion also authorizes Mayor Hanger and Recorder Lobban to sign all related documents on behalf of the Town of Alderson.

Councilman Highlander moved, seconded by Councilman Browning to submit interim final pay request #32 Revised to EPA in the amount of \$151,481.89. Motion carried unanimously.

A general discussion was held concerning the FCI, The Alderson Big Wheel, The School Cafeteria, Camp Greenbrier, The Alamo, and Jacks' Restaurant needing grease traps in their sewer outlets before going into the system.

Mayor Hanger reported that Mr. John Dow, President of Marbro Inc. had been to the Town and met with Engineer Shutt and Mayor Hanger. Mayor Hanger presented Mr. Dow's offer to the Town on behalf of their claims against the Town.

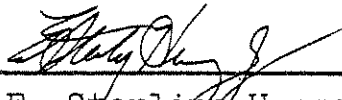
Councilman Browning moved, seconded by Councilman Keadle to reject Marbro Inc. offer on claims. Motion carried unanimously.

END PHASE II

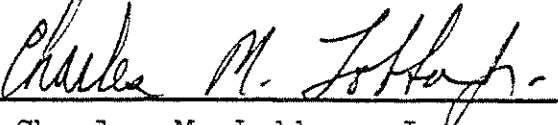
Councilman Browning moved, seconded by Councilman Keadle to adopt a Resolution by the Town of Alderson, County of Greenbrier, West Virginia, authorizing an application with the State of West Virginia for Community Development Block Grant Funds. Motion carried unanimously. Copy attached.

Councilman Keadle moved, seconded by Councilman Browning to appoint Alice McCutcheon to the board of The Alderson Public Library, term ending 1991. Motion carried unanimously.

The meeting was adjourned at 10:00 p.m.



E. Sterling Hanger Jr.
Mayor



Charles M. Lobban, Jr.
Recorder

**U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT/AMENDMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION**

1. ASSISTANCE ID NO. 0287-02-1	2. LOG NUMBER Three-C
3. DATE OF AWARD FEB 29 1984	4. MAILING DATE FEB 29 1984

5. AGREEMENT TYPE		6. PAYMENT METHOD	
Cooperative Agreement		<input type="checkbox"/> Advance	<input checked="" type="checkbox"/> Reimbursement
Grant Agreement		Send Payment Request To:	
Assistance Amendment	X	Grants Management Section	
		7. TYPE OF ACTION Augmentation - Increase	

8. RECIPIENT	Town of Alderson P. O. Box 113 Alderson, West Virginia 24910	9. PAYEE	Town of Alderson P. O. Box 113 Alderson, West Virginia 24910
	EIN NO.		CONGRESSIONAL DISTRICT 2nd

11. PROJECT MANAGER AND TELEPHONE NO.	12. CONSULTANT (WWT Construction Grants Only)
E. Sterling Hanger, Jr., Acting Mayor 304/445-2916	Gates Engineering Company 201 N. Kanawha Street Beckley, West Virginia 25801

13. ISSUING OFFICE (City/State)	14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
Philadelphia, Pennsylvania	Dennis P. Carney Team Leader, West Virginia Section 215/597-4084

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT CG Only)
Patricia Gaskins - 202/382-5184	N/A	N/A	III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY	21. STEP 2 + 3 & STEP 3 (WWT Construction Only)								
Clean Water Act	40 CFR Part 35	<table border="1"> <tr> <td>a. Treatment Level</td> <td>3</td> </tr> <tr> <td>b. Project Type</td> <td>NEW</td> </tr> <tr> <td>c. Treatment Process</td> <td>N</td> </tr> <tr> <td>d. Sludge Design</td> <td>5</td> </tr> </table>	a. Treatment Level	3	b. Project Type	NEW	c. Treatment Process	N	d. Sludge Design	5
a. Treatment Level	3									
b. Project Type	NEW									
c. Treatment Process	N									
d. Sludge Design	5									

22. PROJECT TITLE AND DESCRIPTION.

This amendment is based on the revised eligible project cost as submitted on EPA Form 5780-1B.

23. PROJECT LOCATION (Areas Impacted by Project)

City/Place	County	State	Congressional District
Alderson	Greenbrier	WV	2nd

24. ASSISTANCE PROGRAM (CFDA Program No. & Title)	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	9/82 - 8/85	N/A

27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
1,500	N/A	\$2,058,700

FUND	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action	\$1,305,150	\$238,870	\$1,544,020
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost	\$1,740,200	\$318,500	\$2,058,700

39. FISCAL	Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
	GKAW80	83-C	68X0103.F	W83006	MGKA036006	41.11	\$238,870

TABLE A - OBJECT CLASS CATEGORY
(Non-construction)TOTAL APPROVED ALLOWABLE
BUDGET PERIOD COST

1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient _____ % Federal _____ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	\$

N/A

TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient _____ % Federal _____ %)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	\$

N/A

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

ADMINISTRATION EXPENSE	
PRELIMINARY EXPENSE	
LAND STRUCTURES, RIGHT-OF-WAY	22,260
ARCHITECTURAL ENGINEERING BASIC FEES	
OTHER ARCHITECTURAL ENGINEERING FEES - (Redesign \$5,400)	42,487
PROJECT INSPECTION FEES	53,158
LAND DEVELOPMENT	183,027
RELOCATION EXPENSES	
RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
DEMOLITION AND REMOVAL	
CONSTRUCTION AND PROJECT IMPROVEMENT	
EQUIPMENT	
WICKXXXXXXXXXX - Legal & Fiscal	1,670,345
TOTAL (Lines 1 thru 13)	4,000
ESTIMATED INCOME (If applicable)	
NET PROJECT AMOUNT (Line 14 minus 15)	
LESS: INELIGIBLE EXCLUSIONS	
ADD: CONTINGENCIES	
TOTAL (Share: Recipient ²⁵ % Federal ⁷⁵ %)	83,423
	2,058,700
TOTAL APPROVED ASSISTANCE AMOUNT	\$
	1,544,020

PART III-AWARD CONDITIONS

a. GENERAL CONDITIONS:

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFR Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

A. Part III, Special Conditions Numbers 1-d and 2, Grant Payment Schedule and Project Schedule Changes, are deleted in their entirety and the following is substituted in lieu thereof:

"1-d. Revised Schedule of Grant Payments

The grantee may submit requests for payments for allowable costs incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1 through 4 previously paid		\$	\$ 22,700
5	2/84	3,223	25,923
6	3/84	36,209	62,132
7	4/84	239,924	302,056
8	5/84	223,021	525,077
9	6/84	196,105	721,182
10	7/84	196,105	917,287
11	8/84	229,655	1,146,942
12	9/84	37,267	1,184,209
13	10/84	24,324	1,208,533
14	11/84	24,324	1,232,857
15	12/84	23,026	1,255,883
16	1/85	23,026	1,278,909
17	2/85	22,259	1,301,168
18	3/85	22,259	1,323,427
19	4/85	22,259	1,345,686
20	5/85	22,192	1,367,878
21	6/85	21,324	1,389,202
22	7/85	416	1,389,618
23	8/85	154,402	1,544,020"

"2. Revised Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in the building completion date as referenced in 40 CFR 35.2216 and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 8/85. The grantee further agrees to provide the Regional Administrator upon request, with a revised schedule for payment."

All other terms and conditions remain unchanged.

b. SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers

~~amendment~~ amendment to the Town of Alderson

for 75 % of all approved costs incurred up to and not exceeding \$ 1,544,020

RECIPIENT ORGANIZATION

ASSISTANCE AMOUNT

for the support of approved budget period effort described in application (including all application modifications)

C-540287-02 - Town of Alderson

included herein by reference.

DATE AND TITLE


ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WMOO) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
	Thomas P. Eichler, Regional Administrator	FEB 29 1984

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
	Mayor, Town of Alderson	



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION III

6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

CERTIFIED MAIL

OCT 06 1982
Re: C-540287-02
Town of Alderson

Honorable R. Don Bryant
Mayor of the Town of Alderson
P.O. Box 113
Alderson, West Virginia 24910

Dear Mayor Bryant:

We are pleased to inform you of the award of a Step 3 Federal grant for the construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.


The grant award is for an amount not to exceed \$1,305,150, and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Code of Federal Regulations, 40 CFR, Parts 30 and 35, are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mr. Frank Snock, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

The Huntington District U.S. Army Corps of Engineers will be assisting both the State and this office in administering Step 3 program activities of this grant. Should you desire to communicate with the Corps, you may reach Mr. Wes King at 304/529-5282.

Sincerely yours,


Greene A. Jones, Director
Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR
Mr. Edgar Henry, WDA
Mr. Wes King, COE
Gates Engineering Company

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT/AMENDMENT
PART I - ASSISTANCE NOTIFICATION INFORMATION

C-287-02-0

Three-C-

3. DATE OF AWARD

SEP 29 1982

4. MAILING DATE

OCT 06 1982

5. AGREEMENT TYPE		6. PAYMENT METHOD	
<input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant Agreement <input type="checkbox"/> Assistance Amendment		<input type="checkbox"/> Advance <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Letter of Credit Send Payment Request To: Grants Management Section	
7. TYPE OF ACTION		Continuation	
8. RECIPIENT		9. PAYEE	
Town of Alderson P.O. Box 113 Alderson, West Virginia 24910		Town of Alderson P.O. Box 113 Alderson, West Virginia 24910	
EIN NO.	CONGRESSIONAL DISTRICT	10. RECIPIENT TYPE	
	2	City	
11. PROJECT MANAGER AND TELEPHONE NO.		12. CONSULTANT (WWT Construction Grants Only)	
R. Don Bryant Mayor		Gates Engineering Company 201 N. Kanawha Street Beckley, West Virginia 25801 304/253-2701	
13. ISSUING OFFICE (City/State)		14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.	
Philadelphia, Pennsylvania		Dennis P. Carney Team Leader, West Virginia Section 215/597-8324	
15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID (Clearinghouse)	17. FIELD OF SCIENCE	18. PROJECT STEP (WWT CG Only)
Patricia Gaskins 202/382-5184	N/A	N/A	III
19. STATUTORY AUTHORITY		20. REGULATORY AUTHORITY	
Clean Water Act		40 CFR Part 35	
21. STEP 2 + 3 & STEP 3 (WWT Construction Only)			
a. Treatment Level		3	
b. Project Type		NEW	
c. Treatment Process		N	
d. Sludge Design		5	
22. PROJECT TITLE AND DESCRIPTION The Phase II portion of the Town of Alderson project shall consist of the construction of one lift station, 42,862 L.F. of 8" gravity sewers, 70 L.F. of force main and one auxiliary power supply station. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.			
23. PROJECT LOCATION (Areas Impacted by Project)			
City/Place	County	State	Congressional District
Alderson	Greenbrier	WV	2
24. ASSISTANCE PROGRAM (CFDA Program No. & Title)		25. PROJECT PERIOD	
66.418		10/82 - 6/84	
26. BUDGET PERIOD			
N/A			
27. COMMUNITY POPULATION (WWT CG Only)	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST	
1,500	N/A	\$1,740,200	
FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
10. EPA Amount This Action	0	\$1,305,150	\$1,305,150
11. EPA In-Kind Amount			
12. Unexpended Prior Year Balance			
13. Other Federal Funds			
14. Recipient Contribution			
15. State Contribution			
16. Local Contribution			
17. Other Contribution			
18. Allowable Project Cost	0	\$1,740,200	\$1,740,200
Program Element	FY	Appropriation	Doc. Control No.
G7DW80	77C	68X0103.8	TN8216
Account Number	Object Class	Obligation/Deoblig. Amount	
FG7D036006	41.11	\$1,305,150	

TABLE A - OBJECT CLASS CATEGORY
(Non-construction)TOTAL APPROVED ALLOWABLE
BUDGET PERIOD COST

1. PERSONNEL

N/A

2. FRINGE BENEFITS

3. TRAVEL

4. EQUIPMENT

5. SUPPLIES

6. CONTRACTUAL

7. CONSTRUCTION

8. OTHER

9. TOTAL DIRECT CHARGES

10. INDIRECT COSTS: RATE % BASE

11. TOTAL (Share: Recipient: % Federal: %)

12. TOTAL APPROVED ASSISTANCE AMOUNT

\$

TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

1.

N/A

2.

3.

4.

5.

6.

7.

8.

9.

10.

11.

12. TOTAL (Share: Recipient: % Federal: %)

13. TOTAL APPROVED ASSISTANCE AMOUNT

\$

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

1. ADMINISTRATION EXPENSE

40,130

2. PRELIMINARY EXPENSE (Legal & Fiscal)

4,000

3. LAND STRUCTURES, RIGHT-OF-WAY

4. ARCHITECTURAL ENGINEERING BASIC FEES

38,420

5. OTHER ARCHITECTURAL ENGINEERING FEES

50,095

6. PROJECT INSPECTION FEES

162,477

7. LAND DEVELOPMENT

8. RELOCATION EXPENSES

9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES

10. DEMOLITION AND REMOVAL

11. CONSTRUCTION AND PROJECT IMPROVEMENT

1,376,303

12. EQUIPMENT

13. MISCELLANEOUS

14. TOTAL (Lines 1 thru 13)

15. ESTIMATED INCOME (If applicable)

16. NET PROJECT AMOUNT (Line 14 minus 15)

17. LESS: INELIGIBLE EXCLUSIONS

18. ADD: CONTINGENCIES

68,775

19. TOTAL (Share: Recipient: 25 % Federal: 75 %)

1,740,200

20. TOTAL APPROVED ASSISTANCE AMOUNT

\$

1,305,150

PART III-AWARD CONDITIONS

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

The grantee is subject to all the requirements of 40 CFR Part 35 Subpart I, Part 30, Part 33, and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

1. Regulations Affecting Federal Grant Payments

- a. Payment shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33 Subpart A.
- b. The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- c. Payments shall be made in accordance with 40 CFR 35.2300.
- d. The grantee may submit requests for payment certifying that allowable costs have been incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	11/82	\$ 1,026	\$ 1,026
2	12/82	3,996	5,022
3	1/83	3,996	9,018
4	2/83	8,066	17,084
5	3/83	8,572	25,656
6	4/83	10,584	36,240
7	5/83	10,584	46,824
8	6/83	16,112	62,936
9	7/83	62,603	125,539
10	8/83	62,603	188,142
11	9/83	141,056	329,198
12	10/83	141,056	470,254
13	11/83	141,056	611,310
14	12/83	139,057	750,367
15	1/84	110,839	861,206
16	2/84	77,089	938,295
17	3/84	63,589	1,001,884
18	4/84	46,054	1,047,938
19	5/84	83,022	1,130,960
20	6/84	43,675	1,174,635
21	7/83	130,515	1,305,150

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in the building completion date as referenced in 40 CFR 35.2216 and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 6/84. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 9 months of the date of this grant award (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-ways are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one (1) year after the initiation of operation whether the project is capable of meeting the project performance standards [40 CFR 35.2214(d)].

6. Subagreements and Contracts

- a. The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.

6. Subagreements and Contracts (Cont'd)

- b. A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.
- c. The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

7. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Assistance Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

8. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

9. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review and final determination of the Grant Approving official.

10. Award Restrictions

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers

assistance/amendment to the Town of Alderson

for 75 % of all approved costs incurred up to and not exceeding \$ 1,305,150

RECIPIENT ORGANIZATION

ASSISTANCE AMOUNT

for the support of approved budget period effort described in application (including all application modifications)

C-540287-02 Town of Alderson included herein by reference.

DATE AND TITLE

ISSUING OFFICE (Grants Administration Office)

AWARD APPROVAL OFFICE

ORGANIZATION/ADDRESS

Environmental Protection Agency
Grants Management Section (3PM32)
Curtis Building, 6th & Walnut Streets
Philadelphia, Pennsylvania 19106

ORGANIZATION/ADDRESS

Environmental Protection Agency
Water Management Division (3WM00)
Curtis Building, 6th & Walnut Streets
Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL

TYPED NAME AND TITLE

DATE

Peter N. Bibko
Regional Administrator

SEP 29 1982

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

R. Don Bryant
PA Form 6700-201 (2-78)

TYPED NAME AND TITLE

R. Don Bryant, Mayor--Town of Alderson

DATE

OCT 12, 1982

JAN 20 1984

Re: Town of Alderson, West Virginia
C-540287-02

Mr. E. Sterling Hanger, Jr.
Acting Mayor
P. O. Box 113
Alderson, West Virginia 24910

Dear Mr. Hanger, Jr.:

The request for a deviation from 40 CFR 35.2212(b), "Project Initiation and Completion" for the referenced project is hereby approved.

This deviation will remain in effect through February 29, 1984. You should recognize that although this deviation waives the requirement that the Regional Administrator annul or terminate this grant, it does not make allowable any unnecessary or unreasonable costs that are attributable to delays in initiating construction caused by grantee mismanagement.

Sincerely yours,

Greene A. Jones, Director
Water Management Division

cc: Warren Means, DNR
Ed Henry, WDA
Gates Engineering, Inc.

3.		From To
4.		From To
5.		From To
6.		From To
7.		From To
8.		From To
9.		From To

1984 JAN 25 11:52

RECEIVED



TRANSMITTAL

DATE:

1/27/84

PROJECT NO:

E104

FILE NO:

Routing

TO: YOUNG, MOORE & COMPANY INC
1503 KANAWHA VALLEY BLDG.
 ADDRESS: CHARLESTON, W. VA. 25301
 SUBJECT: TOWN OF ALDERSON
 ATTENTION: MR. GARY COTTRILL

		For Information
		Follow Up
		Return To
		Send Comments To
		Report Status To
		File

We are sending you ☒ herewith ☐ under separate cover

By: ☒ Mail ☐ Bus ☐ Our Messenger ☐ Your Messenger ☐ Other

Material: ☐ Prints ☐ Transparencies ☐ Texts ☐ Reports ☒ Correspondence

☐ Specifications ☐ Samples ☐ Shop Drawings ☐ Catalog Data ☐ Other

For: ☒ Your Information ☐ Your Approval - Please return as soon as possible ☐ Your Action - Please keep us informed ☐ Other

No. of Copies	Drawing Number	Drawing Date	Latest Revision	Description
1				DEVIATION REQUEST APPROVAL

Remarks: _____

Requested by: _____ Date: _____

Transmitted for Gates Engineering Company by: Randy Bolton

Receipt acknowledged by: _____ Date: _____

Remarks: _____

Please return acknowledged copy to Gates Engineering Company
 Form No. 41ADM79

White - Recipient's copy
 Yellow - Acknowledge copy
 Pink - File copy
 Gold - Sender's copy

C.C. MR. VINCE COLLINS
 MS. SAMME GEE

CERTIFIED MAIL

Honorable E. Sterling Hanger, Jr.
Acting Mayor
P. O. Box 113
Alderson, West Virginia 24910

Dear Mayor Hanger:

You were advised by mailgram on February 17, 1984 that the bidding procedures for Contract Number 1 of the referenced project were reviewed and approved and that they could be awarded to the low responsive bidder.

In addition, EPA Form 5780-1B is revised as noted:

<u>Item</u>	<u>For Grant Participation</u>
A. Construction	\$
Contract 1	1,670,345
B. Technical Services	278,672
C. Legal & Fiscal	4,000
D. Administrative	22,260 1/
E. Contingency	83,423 2/
F. Total	\$2,058,700

1/ Pro-rated by applying eligible construction costs to total construction costs.

2/ Contingency established at 5% of eligible construction cost.

Since the revised eligible project cost is \$2,058,700, the grant will be increased with the concurrence of the West Virginia Department of Natural Resources to an amount not to exceed \$1,544,020. The original and one copy of the Assistance Amendment reflecting the increase in Federal obligation, together with a revised payment schedule are enclosed. Please execute the Amendment and return the original, within twenty-one days of your receipt, to Mr. Frank Snock, Chief, Grants Management Section. The copy should also be signed and retained for your files.

FEB 29 1984

Re: C-540287-02
Town of Alderson

1984 MAR 5 10 10

When the contracts have been awarded, one executed copy of the construction agreements, performance and payment bonds, and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the West Virginia Department of Natural Resources. Payments will not be made by this office for construction until our receipt of these items.

The Assistance Agreement for the project has conditions which require the submission and approval of certain documents to satisfy regulatory requirements of the program and which are enforced through the grant payment process. In order to assure timely processing of payment requests, these documents must be submitted through the State Agency in advance of the payment milestone specified in the Assistance Agreement.

We are enclosing informational sheets outlining procedures to be followed in making contract modifications and for submitting partial payment requests.

Sincerely yours,

Greene A. Jones, Director
Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR
Mr. Edgar Henry, WDA
Mr. Wesley King, COE
Gates Engineering Co. ✓

TABLE A - OBJECT CLASS CATEGORY
(Non-construction)

1. PERSONNEL	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
2. FRINGE BENEFITS	N/A
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient: % Federal %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	\$

TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient: % Federal %)	N/A

13. TOTAL APPROVED ASSISTANCE AMOUNT

\$

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

1. ADMINISTRATION EXPENSE	
2. PRELIMINARY EXPENSE (Legal & Fiscal)	40,130 -
3. LAND STRUCTURES, RIGHT-OF-WAY	4,000 ✓
4. ARCHITECTURAL ENGINEERING BASIC FEES	
5. OTHER ARCHITECTURAL ENGINEERING FEES	38,420 ✓
6. PROJECT INSPECTION FEES	50,095 ✓
7. LAND DEVELOPMENT	162,477 ✓
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	
12. EQUIPMENT	
13. MISCELLANEOUS	1,376,303 ✓
14. TOTAL (Lines 1 thru 13)	
15. ESTIMATED INCOME (If applicable)	
16. NET PROJECT AMOUNT (Line 14 minus 15)	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	
19. TOTAL (Share: Recipient: 25 % Federal 75 %)	68,775 -
	1,740,200
20. TOTAL APPROVED ASSISTANCE AMOUNT	\$ 1,305,150

U.S. ENVIRONMENTAL PROTECTION AGENCY
EPA ASSISTANCE AGREEMENT/AMENDMENT
PART I - ASSISTANCE NO. INFORMATION

1. ASSISTANCE ID NO. C-540287-02-0
2. LOG NUMBER Threc-C-
3. DATE OF AWARD SEP 29 1982
4. MAILING DATE OCT 06 1982

5. AGREEMENT TYPE		6. PAYMENT METHOD	
<input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant Agreement <input type="checkbox"/> Assistance Amendment		<input type="checkbox"/> Advance <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Letter of Credit Send Payment Request To: Grants Management Section	
7. TYPE OF ACTION		Continuation	
8. RECIPIENT		9. PAYEE	
Town of Alderson P.O. Box 113 Alderson, West Virginia 24910		Town of Alderson P.O. Box 113 Alderson, West Virginia 24910	
10. RECIPIENT TYPE		City	
11. PROJECT MANAGER AND TELEPHONE NO.		12. CONSULTANT (WWT Construction Grants Only)	
R. Don Bryant Mayor		Gates Engineering Company 201 N. Kanawha Street Beckley, West Virginia 25801 304/253-2701	
13. ISSUING OFFICE (City/State)		14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.	
Philadelphia, Pennsylvania		Dennis P. Carney Team Leader, West Virginia Section 215/597-8324	
15. EPA CONGRESSIONAL LIAISON & TEL. NO.		16. STATE APPL ID (Clearinghouse)	
Patricia Gaskins 202/382-5184		N/A	
17. FIELD OF SCIENCE		18. PROJECT STEP (WWT CG Only)	
N/A		III	
19. STATUTORY AUTHORITY		20. REGULATORY AUTHORITY	
Clean Water Act		40 CFR Part 35	
21. STEP 2 + 3 & STEP 3 (WWT Construction Only)			
a. Treatment Level 3 b. Project Type NEW c. Treatment Process N d. Sludge Design 5			
22. PROJECT TITLE AND DESCRIPTION The Phase II portion of the Town of Alderson project shall consist of the construction of one lift station, 42,862 L.F. of 8" gravity sewers, 70 L.F. of force main and one auxiliary power supply station. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.			
23. PROJECT LOCATION (Areas Impacted by Project)			
City/Place		County	
Alderson		Greenbrier	
State		Congressional District	
WV		2	
24. ASSISTANCE PROGRAM (CFDA Program No. & Title)		25. PROJECT PERIOD	
66.418		10/82 - 6/84	
26. BUDGET PERIOD		N/A	
27. COMMUNITY POPULATION (WWT CG Only)		28. TOTAL BUDGET PERIOD COST	
1,500		N/A	
29. TOTAL PROJECT PERIOD COST		\$1,740,200	
FUND		FORMER AWARD	
30. EPA Amount This Action		0	
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost		0	
THIS ACTION		\$1,740,200	
AMENDED TOTAL		\$1,740,200	
39. FISCAL		Obligation/Deoblig. Amount	
Program Element FY Appropriation Doc. Control No. Account Number Object Class G7DW80 77C 68X0103.8 TN8216 FG7D036006 41.11		\$1,305,150	

PART III-AWARD CONDITIONS

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

The grantee is subject to all the requirements of 40 CFR Part 35 Subpart I, Part 30, Part 33, and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

1. Regulations Affecting Federal Grant Payments

- a. Payment shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33 Subpart A. *done*
- b. The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206). *Comply as necessary*
- c. Payments shall be made in accordance with 40 CFR 35.2300. *comply as necessary*
- d. The grantee may submit requests for payment certifying that allowable costs have been incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	11/82		
2	12/82	\$ 1,026	\$ 1,026
3	1/83	3,996	5,022
4	2/83	3,996	9,018
5	3/83	8,066	17,084
6	4/83	8,572	25,656
7	5/83	10,584	36,240
8	6/83	10,584	46,824
9	7/83	16,112	62,936
10	8/83	62,603	125,539
11	9/83	62,603	188,142
12	10/83	141,056	329,198
13	11/83	141,056	470,254
14	12/83	141,056	611,310
15	1/84	139,057	750,367
16	2/84	110,839	861,206
17	3/84	77,089	938,295
18	4/84	63,589	1,001,884
19	5/84	46,054	1,047,938
20	6/84	83,022	1,130,960
21	7/83	43,675	1,174,635
		130,515	1,305,150

*Revised
"Part B"
submitted*

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in the building completion date as referenced in 40 CFR 35.2216 and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 6/84. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment. *"Part B" submittal*

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 9 months of the date of this grant award (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-ways are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts. *Revision request has been filed*

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208). *in process of being completed*

after construction is completed
5. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one (1) year after the initiation of operation whether the project is capable of meeting the project performance standards [40 CFR 35.2214(d)].

6. Subagreements and Contracts

- a. The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33. *done*

6. Subagreements and Contracts (Cont'd)

- b. A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33. *done*

- ✓c. The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information. *done*

7. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Assistance Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location. *even has certified to this.*

8. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210). *will comply as necessary*

9. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review and final determination of the Grant Approving official.

10. Award Restrictions

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/awards to the Town of Alderson

for 75 % of all approved costs incurred up to and not exceeding \$ 1,305,150

RECIPIENT ORGANIZATION

ASSISTANCE AMOUNT

for the support of approved budget period effort described in application (including all application modifications)

C-540287-02 Town of Alderson

included herein by reference.

DATE AND TITLE

ISSUING OFFICE (Grants Administration Office)

AWARD APPROVAL OFFICE

ORGANIZATION/ADDRESS

Environmental Protection Agency
Grants Management Section (3PM32)
Curtis Building, 6th & Walnut Streets
Philadelphia, Pennsylvania 19106

ORGANIZATION/ADDRESS

Environmental Protection Agency
Water Management Division (3WM00)
Curtis Building, 6th & Walnut Streets
Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL

TYPED NAME AND TITLE

DATE

Peter N. Bibko
Regional Administrator

SEP 29 1982

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE

TYPED NAME AND TITLE

DATE

TELEGRAPHIC MESSAGE

NAME OF AGENCY EPA 6th & Walnut Sts Curtis Bldg Phila., PA 19106	PREFERENCE ACTION: INFO:	SECURITY CLASSIFICATION
ACCOUNTING CLASSIFICATION	DATE PREPARED	TYPE OF MESSAGE <input type="checkbox"/> SINGLE <input type="checkbox"/> BOOK <input type="checkbox"/> MULTIPLE-ADDRESS
FOR INFORMATION CALL NAME		PHONE NUMBER

THIS SPACE FOR USE OF COMMUNICATION UNIT

MESSAGE TO BE TRANSMITTED. (Use double spacing and all capital letters)

TO: Mr. E. Sterling Hanger, Jr.
Acting Mayor
P.O. Box 113
Alderson, WVA 24910

Re: Town of Alderson, WVA
C-540287-02

Dear Mr. Hanger:

Because the Town of Alderson is progressing satisfactorily toward initiation of construction, EPA agrees not to initiate grant termination procedures. In this regard, it is understood that the Town of Alderson shall initiate construction by April 20, 1984 or accept the unfortunate consequence of grant termination.

Sincerely

Dennis P. Carney
Dennis P. Carney, Acting Chief
West Virginia Section
PA/WVA Branch

cc: Randy Bolton, Gwtes Engineering
Gary Cottrill
Harry Moore
Vincent Collins ✓
WARLEN MEANS, DWR

SECURITY CLASSIFICATION

USA FCC TELETYPE
RM 1212 500 ARCH ST
PHILA PA 19106 21PM

Western Union Mailgram

4-059SS1U091 03/21/84 ICS WA12139
02405 MLTN VA 03/21/84

ROAC

► MR. E. STERLING HANGER JR
ACTING MAYOR
P.O. BOX 113
ALDERSON, WV 24910

RE: TOWN OF ALDERSON, WV C-540287-02

DEAR MR. HANGER

BECAUSE THE TOWN OF ALDERSON IS PROGRESSING SATISFACTORILY
TOWARD INITIATION OF CONSTRUCTION, EPA AGREES NOT TO INITIATE
GRANT TERMINATION PROCEDURES. IN THIS REGARD, IT IS UNDERSTOOD
THAT THE TOWN OF ALDERSON SHALL INITIATE CONSTRUCTION BY
APRIL 20, 1984 OR ACCEPT THE UNFORTUNATE CONSEQUENCE OF GRANT
TERMINATION. SINCERELY,

DENNIS P. CARNEY ACTG CHF WVA SECTION PA/WV BR
ENVIRONMENTAL PROTECTION AGENCY CURTIS PLDGC
514 & WALNUT ST PHILA PA 19106

(ARS RUEVDDG 0-17-01-012332)
2215 EST

WOMCCKP MCM



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

November 29, 1983

1.	<i>Li</i>	For Information	
2.	<i>Li</i>	Follow Up	
3.	<i>Li</i>	Return To	
4.	<i>Li</i>	Send Comments To	
5.	<i>Li</i>	Prepare Reply	
6.	<i>Li</i>	Report Status By	
7.		Received	
8.		Classify	
9.		File	

E104

Dear Mayor Hanger,

I am pleased to advise you that I am approving \$738,000 from the Small Cities Block Grant Program to the Town of Alderson for sewer system improvements.

This commitment is based upon the project's contribution toward benefiting low and moderate income persons. You should note that the project must be underway within twelve months to avoid loss of these funds.

You will be contacted by my Office of Economic and Community Development. They have been instructed to initiate the action necessary to insure that all required federal documentation and guidelines required by the United States Department of Housing and Urban Development are met and will assist you in the necessary procedures for implementing this project.

Your efforts to provide services primarily to low and moderate income persons are commendable.

Sincerely,

John D. Rockefeller IV
John D. Rockefeller IV

Honorable E. Sterling Hanger, Jr.
Office of the Mayor
Alderson, West Virginia 24901

RECEIVED

1983 DEC -7 11 9:26

27

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, N.A., a national banking association with principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Alderson Sewer Revenue Bonds, Series 1986 A and Series 1986 B, both dated August 18, 1986, in the aggregate principal amount of \$581,126 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

KANAWHA VALLEY BANK, N.A.

By

Its

Charlotte Morgan
ASSIST CORPORATE TRUST OFFICER

08/13/86
ALDTN1-U

TOWN OF ALDERSON

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

CERTIFICATE OF REGISTRATION OF BONDS

AR-1 CSM
I, CHARLOTTE S. MORGAN, Assist. Corp. Trust Officer of Kanawha Valley Bank, N.A., as Registrar under the Local Act and Registrar's Agreement providing for the \$581,126 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, of the Town of Alderson (the "Governmental Agency"), hereby certify that on the 18th day of August, 1986, the single fully registered Series 1986 A Bond of the Governmental Agency in the principal amount of \$490,364 designated "Sewer Revenue Bond, Series 1986 A," numbered ~~R-1~~, was registered as to principal and interest on the date hereof and the single fully registered Series 1986 B Bond of the Governmental Agency in the principal amount of \$90,762, designated "Sewer Revenue Bond, Series 1986 B" was registered as to principal on the date hereof in the name of "West Virginia Water Development Authority" in the books of the Governmental Agency kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, N.A., as Registrar.

, numbered BR-1

WITNESS my signature as of this 18th day of August, 1986. CSM

KANAWHA VALLEY BANK, N.A.

By

Charlotte S. Morgan
Its Assist. Corp. Trust Officer

08/14/86
ALDTN1-T

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of August, 1986, by and between the TOWN OF ALDERSON, a public corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$581,126 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and Series 1986 B, in fully registered form (the "Governmental Agency Bonds"), pursuant to a Bond Ordinance enacted July 31, 1986, and a Supplemental Resolution adopted August 14, 1986 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Governmental Agency of a Registrar for the Governmental Agency Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Governmental Agency Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Governmental Agency Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the

Governmental Agency Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Governmental Agency may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Governmental Agency.

4. The Governmental Agency hereby agrees to indemnify the Registrar against any loss, liability or expense incurred by the Registrar other than liability arising by reason of the bad faith, negligence or willful misconduct of the Registrar, and the Registrar hereby agrees to indemnify the Governmental Agency against any loss, liability or expense incurred by the Governmental Agency by reason of the bad faith, negligence or willful misconduct of the Registrar. Such expense, in either case, shall include the costs and expenses of defending against any claim or liability. Neither the Governmental Agency nor the Registrar shall be liable under or held in breach of this Registrar's Agreement if prevented, hindered or delayed in the performance or observance of any provision of this Registrar's Agreement by reason of any act of God, strikes, lockouts, riots, acts of war, epidemics, government action or regulation imposed after the fact, judicial order, earthquakes, floods, fires or other causes beyond their reasonable control.

5. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

6. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

7. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

8. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Town of Alderson
Town Hall
P. O. Box 113
Alderson, West Virginia 24910
Attention: Mayor

AGENT: Kanawha Valley Bank, N.A.
One Valley Square
Post Office Box 1793
Charleston, West Virginia 25301
Attention: Corporate Trust Department

9. The Registrar is hereby requested and authorized to authenticate and deliver the Governmental Agency Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, the TOWN OF ALDERSON and KANAWHA VALLEY BANK, N.A. have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

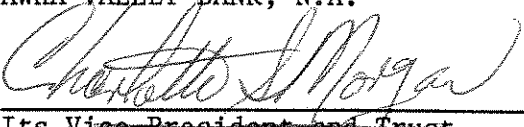
TOWN OF ALDERSON

By


Mayor

KANAWHA VALLEY BANK, N.A.

By


Its Vice President and Trust
Officer

ASSIST CORPORATE
TRUST OFFICER

EXHIBIT A



Kanawha Valley Bank NA

One Valley Square • P.O. Box 1793 • Charleston, West Virginia 25326 • Phone (304) 348-7000

August 18, 1986
"Our 120th Year"

Mayor's Office
Town of Alderson, WV

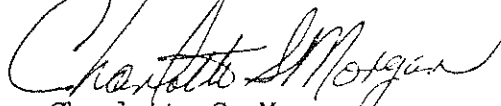
RE: Town of Alderson, WV -
Sewer Revenue Bonds, Series 1986

Dear Sir:

Kanawha Valley Bank's fee to serve as Authenticating Agent and Registrar for the above referenced issue is \$500.

Please remit to the attention of the undersigned.

Very truly yours,



Charlotte S. Morgan
Assistant Corporate
Trust Officer
ONE FINANCIAL PLACE

CSM/tb

A One Valley Bank

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the Sewer Revenue Bond, Series 1986 A, of the Town of Alderson in the principal amount of \$490,364, No. AR-1, standing in the name of West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: August 18, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY


Authorized Representative

08/18/86
ALDTN1-X